REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF 1936-37

Volume I—Report

Part I—Civil, Posts and Telegraphs and Defence Services.



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COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS, 1938.

Chairman.	
1. The Hon'ble Sir JAMES GRIGG, K C B., K C S.I.	Finance Member.
Elected Members.	*Date of Election.*
2. Mr. UMAR ALY SHAH	25th February, 1938.
3. Mr. B DAS . .	Ditto
4. Sirdar JOGENDRA SINGH . .	Ditto.
5. Prof. N. G RANGA	Ditto.
6. Mr S. SATYAMURTI .	Ditto.
7. Bhai PARMA NAND	Ditto.
8. Captain Sardar Sir SHER MOHAMMAD KHAN, C I.E , M B.E	Ditto.
9. Mr. J. RAMSAY SCOTT	Ditto.
Nominated Members.	*Date of Nomination*
10. Dr. R. D. DALAL, C I E. . .	17th March, 1938.
11. Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA	Ditto
12. Khan Bahadur Sir ABDUL HAMID, C I E , O.B E.	Ditto

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

PART I.—CIVIL, POSTS & TELEGRAPHS AND DEFENCE SERVICES.

Financial results of the year —The following table compares the original grants or appropriations with the expenditure actually incurred during the year :—

	(In lakhs of rupees) Original grant or appropriation	Final grant or appropriation	Actual expenditure.
Expenditure charged to revenue (voted)	30,54	30,87	30,39
Expenditure charged to capital (voted) .	1,02	1,24	1,05
	31,56	32,11	31,44
Disbursements of loans and advances (voted)	6,00	6,06	2,98
Total voted ..	37,56	38,17	34,42
Expenditure charged to revenue (non voted) .	75,64	76,94	77,04
Expenditure charged to capital (non voted) .	21	19	14
Total non-voted	75,85	77,13	77,18
Total expenditure charged to revenue .	106,18	107,81	107,43
Total expenditure charged to capital	1,23	1,43	1,19
Disbursements of loans and advances .	6,00	6,06	2,98
GRAND TOTAL .	113,41	115,30	111,60

There was thus a total saving of Rs 370 lakhs or 3 21 per cent of the final grant.

The following table compares the percentages of savings in the three main sections of the budget for the last five years —

	1932-33	1933 34	1934 35	1935-36	1936-37.
Expenditure charged to revenue .	1 9	1 0	—1 1	56	35
Expenditure charged to capital	8 3	15 2	8 9	6 99	16·78
Disbursements of loans and advances	37 1	23 3	49 2	8 79	50 82
Combined percentage .	5 9	2 7	2 9	1 69	3 21

The large savings under disbursements of loans and advances mainly contributed to the increase in the combined percentage.

Item (17).—The share of the Central Government on account of the irrigation works in the Nasirabad Section of the Lloyd Barrage Project for 1936-37 was adjusted in 1936-37 accounts instead of in 1937-38 as originally contemplated.

Item (18).—The excess was due to some special advances being granted by the Government of Burma towards the close of the year and also to increased charges for destruction of uncurrent coins

We recommend that the necessary excess grants be voted by the Legislative Assembly.

3 *Minutes of Proceedings*—We append the minutes of our proceedings which we desire, as usual, to be regarded as a part of our report In the following paragraphs we shall refer only to some of the more important questions considered in the course of our examination

[illegible] substantial savings in past years, has been accepted and acted upon in framing the demands for 1938-39 But we feel that this principle may usefully be extended in a limited number of Grants to cases where it has been found that there are savings year after year under particular sub heads

We also wish to repeat our former recommendation that larger units of appropriation both for budgeting and for appropriation report purposes should be devised in a limited number of Grants as an experiment to see if it would not lead to more accurate estimating and indeed to economy and hope that a start will be made on this in the next Demand for Grants

[illegible] The progressive improvement thus shown is satisfactory and we trust that with the issue of instructions, as recommended by us last year, for the latest figures of actuals to be carefully studied immediately before a supplementary demand is submitted to the Legislature this position will be maintained

6 *Capital Works Expenditure*—We have frequently had occasion to comment on the large savings in the provision for works included in projects financed from Capital and owing to the difficulties involved in budgeting for the expenditure estimated to be incurred on a continuing scheme during the arbitrary division of a financial year, we feel that the soundest method is to provide the sum required in a fund from which expenditure can be met as the work pro- [illegible] refore [illegible] ld be [illegible]

7 *Education, Health and Lands Department*—In regard to the research schemes financed by the Imperial Council of Agricultural Research from the

2. *Excesses.*—In the following cases the actual expenditure exceeded the grants voted by the Legislature :—

Item No.	Name of Grant.	Final Grant.	Actual Expenditure.	Excess requiring the vote of the Legislature.
		Rs.	Rs.	Rs.
1	18—Salt	64,08,000	64,17,127	9,127
2	22—Irrigation, etc., charged to Revenue ..	4,07,000	12,03,486	7,96,486
3	32—Home Department	7,92,900	7,98,368	5,468
4	41—Central Board of Revenue	2,08,000	2,11,145	3,145
5	42—Payments to Provincial Governments, etc.	1,56,000	1,58,755	2,755
6	45—Police	1,81,000	1,83,737	2,737
7	46—Ports and Pilotage	14,66,000	14,70,229	4,229
8	51—Botanical Survey	1,29,000	1,32,665	3,665
9	52—Zoological Survey	95,000	95,135	135
10	54—Mines	1,27,000	1,33,762	6,762
11	65—Census	1,000	1,886	886
12	75—Stationery and Printing	37,55,000	37,97,311	42,311
13	76-B.—Miscellaneous Adjustments between the Central and Provincial Governments ..	3,65,14,000	3,89,31,399	24,17,399
14	77—Refunds	1,49,00,000	1,49,99,660	99,660
15	81—Ajmer-Merwara	16,22,000	16,22,027	27
16	82—Andamans and Nicobar Islands ..	26,76,000	27,04,986	28,986
17	90—Irrigation Works—(Not charged to Revenue)	1,000	1,15,801	1,14,801
18	98—Interest Free Advances	79,85,000	81,66,656	1,81,656

The more important excesses are briefly explained below :—

Item (2).—The excess was mainly due to arrears of working expenses of the Nasirabad Section of the Lloyd Barrage Project and interest thereon payable to the Sind Government being adjusted in the 1936-37 accounts instead of in those of 1937-38 as orginally contemplated.

Item (12).—The excess was caused by increased supplies of stationery articles to Provincial Governments and to paying and non-paying bodies.

Item (13).—The excess was mainly due to the increase in the share of the Jute Export Duty payable to Provincial Governments consequent on increased export of jute.

Item (14).—Larger payments than were anticipated had to be made to certain States on account of the adjustment of claims in respect of customs duty.

Item (17) —The share of the Central Government on account of the irrigation works in the Nasirabad Section of the Lloyd Barrage Project for 1936-37 was adjusted in 1936-37 accounts instead of in 1937-38 as originally contemplated

Item (18) —The excess was due to some special advances being granted by the Government of Burma towards the close of the year and also to increased charges for destruction of uncurrent coins

We recommend that the necessary excess grants be voted by the Legislative Assembly

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6 *Capital Works Expenditure* —We have frequently had occasion to comment on the large savings in the provision for works included in projects financed from Capital and owing to the difficulties involved in budgeting for the expenditure estimated to be incurred on a continuing scheme during the arbitrary division of a financial year, we feel that the soundest method is to provide the sum required in a fund from which expenditure can be met as the work progresses, so that the difficulties of grants and lapses are avoided We therefore suggest that the possibility of devising a procedure on these lines should be considered when further large capital works are to be undertaken in future

7. *Education, Health and Lands Department* —In regard to the research schemes financed by the Imperial Council of Agricultural Research from the

annual grant of Rs. 5 lakhs received from the Government of India we were impressed with the large balance of about Rs. 40 lakhs held in reserve on account of sanctioned schemes which would take a number of years to complete. We are aware that this is due to a Finance Department ruling but we feel that this large reserve is unnecessary and that it would be legitimate to spend to some extent against the expectation of future contributions. We therefore recommend that the instructions previously issued to the Imperial Council of Agricultural Research to make no commitments against expectations may be relaxed to the extent of allocating on the assumption of receiving the annual grant for a period of one or possibly even two years ahead.

8. *Vizagapatam Port.*—We considered the comprehensive report on the financial position of Vizagapatam Port asked for by us last year and were glad to note the improvement that had taken place, the receipts for 1937-38 showing a small surplus over working expenditure excluding interest, with no grant-in-aid from Government. We approve of the decision that no further capital expenditure should be incurred unless it can be shown to be definitely remunerative or indispensable in the interests of the Port, and consider that while neither the question of closing the Port nor that of handing it over to the Bengal Nagpur Railway need be pursued for the present, every efforts should be made by keeping the expenditure at the lowest possible level to provide for at any rate part payment of the interest due on the capital invested in the Port.

9. *Irregular expenditure in the North-West Frontier Province.*—The result of the local audit of the accounts of the Khassadar and other unauthorised funds in the North-West Frontier Province which had been closed down and their balances credited to Government were duly considered by us and we were glad to learn of the action taken to prevent the occurrence of such irregularities in future including the issue of definite instructions as to the method of drawing and accounting for charges relating to "Entertainment Charges", "Protection and Raids" and "Secret Service Expenditure". We consider that the letter intended to be issued by Government dealing with the irregularities in general and containing an expression of their full determination to take severe steps against any official who, after this warning, indulges in or permits any of his subordinates to indulge in such irregularities, should be issued without further delay and strictly enforced.

10. *Posts and Telegraphs.*—We were glad to note the marked improvement in the financial position of the Posts and Telegraphs Department as a whole and the continued reduction in the loss on the working of the Telegraphs branch. In connection with the latter the representatives of the Department contended that all possible measures had been taken to bring down the expenditure, in fact they thought that there was some indication that the reduction of staff had been carried too far resulting in a loss of efficiency. The figures supplied by the Director General appeared to indicate that the concessions given to press telegrams accounted for the bulk of the loss of the Telegraphs branch and as this is obviously a matter of importance, we desire that there should be a re-examination of the basis of the calculation of the loss to the Telegraphs section of the Department due to the concessions given to press traffic.

11 *Report of the Military Accounts Committee*.—We append the report submitted by the Military Accounts Committee constituted to conduct a preliminary examination of the Military Appropriation Accounts and connected documents We endorse the recommendations and suggestions made by the Committee both in their report and in the proceedings of their meetings

P J GRIGG

UMAR ALY SHAH

B DAS

JOGENDRA SINGH.

N. G. RANGA

S SATYAMURTI

BHAI PARMA NAND

SHER MOHAMMED KHAN.

J. RAMSAY SCOTT

R. D DALAL.

FAZL-I-HAQ PIRACHA

ABDUL HAMID.

H. A. C. GILL,

Secretary.

The 13th August 1938.

Proceedings of the sixth meeting* of the Public Accounts Committee held on Monday, the 18th July 1938, at 2-45 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Members:

- Mr. UMAR ALY SHAH.
- Mr. B. DAS.
- Sirdar JOGENDRA SINGH.
- Prof. N. G. RANGA.
- Mr. S. SATYAMURTI.
- Bhai PARMA NAND.
- Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
- Mr. J. RAMSAY SCOTT.
- Dr. R. D. DALAL, C.I.E.
- Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
- Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Witnesses:

- Sir G. S. BAJPAI, K.B.E., C.I.E., I.C.S., Secretary, Department of Education, Health and Lands.
- Mr. M. W. YEATTS, C.I.E., I.C.S., Joint Secretary, Department of Education, Health and Lands.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G. C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

1. *Grant No. 48.—Survey of India.*—With reference to the note on the transfer of work connected with the army from the Mathematical Instrument Office (Appendix IV) submitted in connection with item 1 of the Statement of recommendations made in previous years (Appendix I), it was explained that the question was being examined and that the Surveyor General wished to put in a revised questionnaire for circulation to the departments of the work they were giving to outside agencies, and that when this information had been collected a conference would be held and a further report would be furnished to the Committee next year. The Committee were disappointed that after the recommendation that had been made in the previous year so little progress had been made and hoped that after the further information now being called for had been received, the conference proposed to be held with representatives of the Defence Department would seriously consider the matter from the point of view of India as a whole.

2. *Question of allowing the Mathematical Instrument Office to take work direct from the public.*—The Committee considered the memorandum submitted on this subject (Appendix V) and sugested that, while it might not be profitable for the Mathematical Instrument Office to compete with the trade in ordinary

* The proceedings of the first five meetings relate to Railway Accounts.

work, it should be made known through the Provincial Governments that the Mathematical Instrument Office is prepared to undertake work for educational institutions and local bodies

3. [illegible] achieved should be submitted next year

4. *Photo Litho Stocks* —In connection with the note on this subject (Appendix VII), it was explained that at present a single annual indent of stores was despatched in August and the greater part of stores received in February and March, so that at the time of checking a whole extra year's indent was on the books An experiment was now to be tried of indenting for stores in general use throughout the year so that the entire year's supply should not be received at the busiest time

5 *Grant No 51 —Botanical Survey* —With reference to the recommendation made by the Committee in the previous year (item 5 of the Statement) that Government should consider whether it was necessary to retain the post of the Director of the Botanical Survey now that Burma had been separated, it was stated that no decision had yet been come to largely owing to the representations received from universities and scientific bodies in India The Committee desired that a further report on this point should be submitted next year.

With reference to the statement showing the stock of quinine in the Cinchona Department at page 130 of the Appropriation Accounts, the Committee desired to know what steps were being taken to examine the question of making India self-sufficient as regards quinine It was explained that an officer had been placed on special duty to examine the question, and that when his report, which was now being awaited, had been received, the action to be a taken in this connection would be considered

The Committee recommended an excess grant to cover the excess of Rs 3,665 in this Grant

6 *Grant No 55 —Other Scientific Departments* In connection with the grants-in-aid to Scientific Societies and Institutes, a member of the Committee enquired as to whether audited accounts were required before the grants were paid so as to see that the money was being expended on the objects for which it was given and not being placed in reserve It was stated that all the institutes concerned submitted their annual report in which was given an audited account of their receipts and expenditure with the exception of the Bose Research Institute, Calcutta, which had previously occupied a special position but whose grant-in-aid was now the subject of examination

7 *Grant No 52. —Zoological Survey* —An excess vote on account of this Grant to the amount of Rs 22,397 was recommended by the Committee

8. *Grant No. 59.—Agriculture* — A member drew attention to the large saving of over Rs 10 lakhs that had occurred in this Grant, and it was explained that this was mainly due to the surrender of Rs 4 lakhs provided for the Anand

Dairy Scheme and to the non-payment of money allotted to the Provinces from the Sugar Excise Fund owing to non-submission of their schemes. As the money allotted to the Sugar Excise Fund was now being funded, such variations would be avoided in future.

9. *Wellington Milk Depot.*—With reference to paragraph 133 of the Commercial Appendix to the Appropriation Accounts, the question was raised as to whether retention of the Wellington Milk Depot was justified. It was explained that the decision, which was to be made concerning the Anand Dairy Scheme after consideration of Dr. Wright's Report, would also involve the future of the Bangalore and Wellington Depots. After some discussion the Committee agreed that before next year the Department of Education, Health and Lands should come to a decision as regards the centralising of dairy farm research or, if no decision has been come to, they should independently take up the question of terminating the contract for the Wellington Milk Depot with the military authorities.

The Committee adjourned at 5-15 p.m.

Proceedings of the seventh meeting of the Public Accounts Committee held on Tuesday, the 19th July 1938, at 11 a.m.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member, *Chairman*

Mr. UMAR ALY SHAH Mr B DAS Sirdar JOGENDRA SINGH Prof. N. G RANGA. Mr. S SATYAMURTI Bhai PARMA NAND Captain Sardar Sir SHER MOHAMMED KHAN, C I E , M B E Mr. J. RAMSAY SCOTT Dr. R. D DALAL, C I E Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA. Khan Bahadur Sir ABDUL HAMID, C I E , O B E.	*Members*
Sir G S BAJPAI, K B E , C.I E , I C S , Secretary, Department of Education, Health and Lands Mr S Dutt I C S, Under Secretary, Imperial Council of Agricultural Research Department	*Witnesses*

Mr A C BADENOCH, C S I , C I E , I C S , Auditor General of India

Mr T K RAJAGOPALAN, Representative of the A G. C R

The Hon'ble Sir JOHN NIXON, K C I E , C S I , I C.S , Finance Secretary

10 *Kidderpore Orphanganj Market*—With reference to the expenditure shown under Grant No 76—Miscellaneous, sub-head I, a member of the Committee enquired as to why the Market was maintained by the Government of India, and it was explained that the Market, the profits of which went to support the Orphanage was an undertaking inherited from the days of the East India Company The suggestion was made that the Market should now be handed over to the Committee that runs the Orphanage, and it was desired that this matter should be examined

11 *Forest Assets in North Andaman*—With reference to paragraphs 171 and 172 of the Commercial Appendix, it was explained that forest working had now been concentrated in South Andaman , the major portion of the idle assets in North Andaman had been written off and the remaining assets which could not be disposed of, such as jetties, sea-walls, etc , were being kept in condition on a maintenance basis

12. *Staff maintained at Jeddah in connection with Indian pilgrims*—With reference to item 6 of the Statement of past recommendations, the Committee

was supplied with a statement showing the staff employed in the Indian Pilgrimage Section of the British Legation, Jeddah (Appendix VIII). It was explained that the Vice-Consul was engaged wholly on work connected with Indian pilgrims, and that the effective control of the staff employed on this work rested with the Government of India.

13. *Research Schemes of the Imperial Council of Agricultural Research.*—There was considerable discussion on the research schemes financed by the Imperial Council of Agricultural Research. Comment was made on the large amount of reserve balance in hand, and it was explained that the Council were unable to enter into commitments on account of schemes spreading over a number of years beyond the limit of the amount of money actually received. The Committee considered that it should be possible to speed up the sanctioning of good schemes if the Council were allowed to allocate against expectations of contributions as well as against the money actually in hand. In their view it was financially unnecessary to accumulate a reserve fund of approximately Rs. 50 lakhs, and the Finance Member undertook to consider the question of authorising the I. C. A. R. to allocate for schemes in anticipation of one year's contribution. At the same time the Committee suggested that the explanation for the research schemes given in the report of the Imperial Council of Agricultural Research should be expanded so as to include information of the expenditure incurred up-to-date.

14. *Government lands in New Delhi.*—With reference to the report on the review of financial administration of Government lands in New Delhi furnished to the Committee (Appendix IX), it was explained that the administration of these properties till they were sold for building purposes was carried out by the Land Development Officer under the administrative control of the Chief Commissioner, Delhi. The system of leases and the arrangement for recovery of rents were generally approved by the Committee.

15. *Revenue Estimates.*—In connection with the variations between the budget estimates and the actuals under 'Customs' and 'Taxes on Income', a member enquired as to the methods employed in making the estimates, and the Chairman stated that while the estimates would always be at the mercy of world conditions, there was room for improvement both as regards the internal indices and generally, and that the statistical apparatus was now being overhauled by the Economic Adviser and Mr. Chambers.

The Committee adjourned at 1-30 p.m.

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Proceedings of the eighth meeting of the Public Accounts Committee held on Tuesday, the 19th July 1938, at 2-30 p.m.

PRESENT·

The Hon'ble SIR JAMES GRIGG, K C.B , K.C S I., Finance Member, *Chairman.*

Mr UMAR ALY SHAH.
Mr. B DAS.
Sirdar JOGENDRA SINGH.
Prof. N. G. RANGA
Mr. S. SATYAMURTI
Bhai PARMA NAND
Captain Sardar Sir SHER MOHAMMED KHAN, C I E , M.B.E
Mr. J RAMSAY SCOTT.
Dr. R. D DALAL, C I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C I.E., O B E
} *Members.*

The Hon'ble Sir JOHN NIXON, K.C I.E , C.S.I., I C.S , Finance Secretary. *Witness*

Mr. A. C BADENOCH, C S I., C I.E., Auditor General of India

Mr. T K. RAJAGOPALAN, Representative of the A. G. C R

16. *Sterling Debt* —With reference to the statement showing the debt position of the Central Government at the beginning and close of the year 1936-37 [illegible]

to internal debt.

17 *Excesses over voted grants.*—The Committee considered the statement showing excesses over individual voted grants given in paragraph 34 of the Appropriation Accounts and decided to recommend that the required excess grants should be voted by the Legislature.

18 *Supplementary Grants* —With reference to paragraph 43, the Committee were glad to observe that the number of cases in which supplementary demands presented to the Legislative Assembly had proved to be unnecessary, had been considerably reduced, and as regards the surrender of unnecessary funds referred to in para graph 45, they agreed that though no savings should

be held in reserve for possible future excesses, too early and too frequent re-appropriations gave rise to a great deal of unnecessary work, and that surrender of funds might justifiably be carried out in the months of December and January.

19. *Accounts of the Secretary of State in Council.*—With reference to the excess reported in paragraph 9 of the Report of the Auditor of Indian Home Accounts it was explained that as the excess was ultimately covered by savings in the Indian portion of the grant, no excess vote was required.

20. *Larger units of appropriation.*—With reference to the recommendation made by the last year's Public Accounts Committee, item 9 of the statement of previous year's recommendations, that the Finance Department should, in consultation with the Auditor General, experiment with a limited number of Grants in order to see whether larger units of appropriation would not lead to more accurate estimating, the Finance Secretary stated that the matter was still under consideration and that a report would be submitted next year.

21. *Commutation of Pensions.*—With reference to item 11 of the statement of past recommendations, the Finance Secretary stated that the recommendation to eliminate the capital head for expenditure on the commutation of pensions had been accepted in principle for being put into effect as soon as the budgetary position allowed, and that certain other minor capital heads had been abolished. The Committee wished to stress the importance of the point that in their view only major budgetary inequilibrium should prevent the application of the principle thus accepted.

22. *Recoveries of money due from Government servants on pension.*—With reference to item 19 of the statement of previous years' recommendations, the Finance Secretary explained that since the previous note was written, the reply of the Secretary of State had been received pointing out a number of difficulties which appeared to make the proposed course of action inadvisable. The Committee, however, recommended that so far as the personnel under the control of the Government of India was concerned, the Finance Department should independently examine the position with regard to the recovery of money due from an officer on pension.

23. *Expenditure on New Delhi.*—With reference to item 23 of the statement of recommendations made in previous year, the Finance Secretary stated that the Committee's recommendation that any further expenditure on New Delhi, which is not of a clearly remunerative character, should be charged to revenue and not to capital, have been accepted in principle and would be implemented as soon as the budgetary position permitted, but added that though at present it was not practicable to meet the cost of all un-remunerative items from current revenue, such items would only be charged to capital if they were both large and indispensable. The Committee wished to emphasise the importance of the principle that expenditure on un-remunerative items should *ab initio* be charged to revenue.

24. *Grants-in-aid.*—With reference to the recommendation that the Government of India should insist on obtaining audited statements of the

accounts of all institutions to which grants-in-aid are paid, item 25 of the statement, copies of the instructions issued were supplied to the Committee and accepted as adequate

25. *Grant No 20—Stamps.*—Comment was made on the provision of a lump sum reserve for unforeseen charges on account of the Security Press, and the Committee desired that the question whether this reserve was justified should be examined.

26 *Grant No 25—Interest on Ordinary Debt.*—With reference to the variation of Rs. 5 lakhs under 'B-3—Irrigation Works (Central)', it was explained that this was the interest on capital expenditure in connection with the Nasirabad Section of the Lloyd Barrage Project, for which no provision had been made in the budget as the orders of the Secretary of State including the payment in the Order in Council had not been received at that time In the ordinary way the payment would have been delayed till provision had [illegible]

special case.

The Committee adjourned at 5-10 p m.

Proceedings of the ninth meeting of the Public Accounts Committee held on Wednesday, the 20th July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH
Mr. B. DAS
Sardar JOGENDRA SINGH
Prof. N. G. RANGA
Mr. S. SATYAMURTI
Bhai PARMA NAND
Captain Sardar Sir SHER MUHAMMAD KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members*.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary. } *Witness*.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

27. *Payments to Post Office for Savings Bank and Cash Certificate work.*—With reference to the expenditure of Rs. 71,31,712 under Grant No. 26 F. 1, the question was raised as to whether the payment made to the Posts and Telegraphs Department for Savings Bank and Cash Certificate work was not excessive. It was explained that as facilities were provided for small transactions throughout the length and breadth of the country as an encouragement to thrift and in the interests of public, it was found to be an expensive method of working in comparison to the capital deposited with Government. The calculation of the charges made by the Posts and Telegraphs Department had been examined by the Finance Department as late as 1935 and checked by the Auditor General.

28. *Grant No. 42- Excess Vote.*--It was explained that the greater part of the payments made to Provincial Governments on account of the administration of agency subjects was for passport work done on behalf of the Central Government. The Committee agreed to recommend an excess vote on this account.

29. *Audit of Customs Revenue*.—It was explained that the test-examination of the receipts of customs revenue was mainly concerned with revisions of classification and assessment which had recurring financial results, and that the results having proved satisfactory the present system had been put on a permanent basis. As regards the suggestion that had been made for an extension of the scope of this Test Audit, the view of the Central Board of Revenue was that any funds available for the improvement of check on customs assessments would, in the first instance, be more profitably used on the strengthening of internal checks in the Custom Houses, but the Committee desired that the question of extending the scope of the audit of customs receipts should be further explored and a report submitted next year.

The Committee adjourned at 1-15 p m

Proceedings of the *tenth* meeting of the Public Accounts Committee held on Wednesday, the 20th July 1938, at 2-30 p.m.

PRESENT:

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Sirdar JOGENDRA SINGH.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members.*

Mr. A. H. Lloyd, C.S.I., C.I.E., I.C.S., Member, Central Board of Revenue.
Mr. T. S. PILLAY, Second Secretary, Central Board of Revenue.
} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S. Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

30. *Grant No. 16—Customs.*—Comment was made on the fact that the supplementary grant of Rs. 69,000 obtained in this Demand as a whole and that obtained in the individual sub-head A-4—Other Allowances, Honoraria, etc., had proved to be unnecessary. It was explained that the saving under 'Customs—Other Allowances, Honoraria, etc.', had been mainly due to less expenditure under rewards in Bombay and Sind, and that in general accurate budgeting for Central Excises expenditure had been difficult owing to indirect control through the Provincial Governments. Now that the administration had come directly under the Central Government the financial control was expected to be much stricter in all respects.

31. *Contributions and Donations.*—With regard to the statement of expenditure under "Grants-in-aid, Contributions and Donations" at page 42 of the Appropriation Accounts, a member asked whether any change had taken place on the amounts donated, and it was stated that there had been no change in the last 8 years but that on the separation of Burma the money available had been reduced, and that the question of distribution and the desirability of associating the Commerce Department with decisions as to payments for seamen's welfare was under examination.

32 *Assignments and compensations as deductions from revenue*—With reference to item 26 of the statement of past recommendations, it was stated that the ruling of the Auditor General had been to the effect that on principle payments on account of assignments and compensations could not be treated as deductions from revenue and should be included under 'Expenditure'. In some cases however of agreements for a definite division of revenue, the Auditor General agreed that the payments might legitimately be treated as a charge on revenue and not as expenditure, and the Committee suggested that the classification of the payments to the Cochin and Travancore Governments on account of the agreement to divide the Customs revenue collected in Cochin port might be re-examined in the light of this criterion

33 *Grant No 17—Taxes on Income*—During the discussion on Income-tax Administration it was stated that the Central Board of Revenue with their Income-tax Adviser were examining the question of increasing the supervisory staff and that it was proposed to employ separate Assistant Commissioners for inspection purposes only The Committee was also informed that an experiment was being made in the audit of Income-tax receipts The Committee welcomed the experiment and desired to be informed of the results next year

34. *Grant No 18—Salt*—Comment was made that under 'A -4 (4) (a)—Manufacture Section' there had been supplementary grant of Rs 25,000, re-appropriation from this of Rs 13,842 and the final excess of Rs. 31,583. The explanation was given that a larger supplementary grant had been applied for, and on the assumption that the whole of this sum would be received, the [illegible]

35 *Grant No 41—Central Board of Revenue.*—The Committee agreed to recommend an excess vote to cover the excess that had occurred in the voted section of this Grant

The Committee adjourned at 5 p m

Proceedings of the eleventh meeting of the Public Accounts Committee held on Thursday, the 21st July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Sirdar JOGENDRA SINGH.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members.*

Mr. A. D. GORWALA, I.C.S., Deputy Secretary, Department of Communications.
Mr. L. B. GILBERT, I.S.E., Consulating Engineer to to the Government of India.
Mr. F. TYMMS, C.I.E., M.C., F.R.E.S., Director of Civil Aviation in India and Burma.
Mr. A. CROAD, Engineer Officer, Civil Aviation.
Mr. A. S. Bokhari, P.E.S., Deputy Controller of Broadcasting.
} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

36. *Grant No. 49—Meteorology.*—Comment was made on the variation in the expenditure on ' Weather and other Telegram charges ', and it was stated that under the present system of adjustment the amounts to be paid were calculated in arrear by the Accountant-General, Posts and Telegraphs, on the basis of the valuation of a few typical telegrams, and it was therefore very difficult to frame an accurate estimate. The question of a simpler method of adjustment was under consideration.

37. *Grant No. 63—Aviation.*—With reference to the special grants-in-aid from the additional tax on petrol consumed for aviation purposes, it was stated that the provision originally made in the budget included unspent balance of previous years ; and the Committee recommended that the amount

available from the petrol tax should be voted to a special earmarked item in the Road Fund and allotted from this Fund as required

38. *Grant under 63-B—Capital Outlay on Civil Aviation charged to Revenue*,—Comment was made on the large saving under this head as compared with the original appropriation It was explained that plans had been prepared for extensive constructions at aerodromes but that in connection with the designs for quarters for different grades of staff sanction had been withheld pending a special check asked for by the Finance Department, which had resulted in considerable saving

39. *Broadcasting*—The propriety of the transfer of Rs 50,000 under Grant No 69-G—Broadcasting from G-7—Lump provision for experimental and research purposes to G-1—Pay of Officers, G-2 Pay of Establishments and G-5—Contingencies was questioned, but it was explained that this was the first year in which technical work on broadcasting was taken over from the Posts and Telegraphs Department and supervised by the Chief Engineer appointed during the course of the year It was agreed that in these circumstances and as a special case the making of a lump provision and its subsequent transfer by re-appropriation to the relevant sub-heads was in order.

The Committee adjourned at 1-33 p.m

Proceedings of the Twelfth meeting of the Public Accounts Committee held on Thursday, the 21st July 1938, at 2-30 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Sirdar JOGENDRA SINGH.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members.*

Mr. A. D. GORWALA, I.C.S., Deputy Secretary, Department of Communications.
Mr. A. S. BOKHARI, P.E.S., Deputy Controller of Broadcasting.
Mr. L. B. GILBERT, I.S.E., Consulting Engineer to the Government of India.
Mr. M. S. A. HYDARI, C.I.E., I.C.S., Secretary, Department of Labour.
Mr. N. MAHADEVA AYYAR, I.C.S., Deputy Secretary, Department of Labour.
} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. S. SANKARA AIYAR, Director of Finance, Railway Department (Railway Board).

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

40. *Radio Publications.*—With reference to the loss incurred on the publication of the *Indian Listener* and the *Awaz* set out in paragraph 239 of the Commercial Appendix, it was explained that at a time when the number of stations was increasing the number of pages of programmes grew much larger without it being possible to raise the price of the publication in relation to the extra cost of production all at once. However, with increaseing circulation it had been possible to secure a cheaper printing contract, and as recommended by the Public Accounts Committee last year, item 33 of the

statement of previous year's recommendations, non-radio advertisements were being admitted and the loss was steadily decreasing

41. *Vizagapatam Port*—There was a considerable discussion of the report on the trading and financial position of the Port of Vizagapatam (Appendix X) asked for by the Committee last year, item 40 of the statement of previous year's recommendations The Secretary of the Communications Department stated that the position now was that the receipts were covering the ordinary working expenditure, though without paying interest on the capital, and that last year there was a small favourable balance of Rs 31,000 He added that it had been decided that no further capital expenditure was to be incurred unless it could be shown to be either definitely remunerative or absolutely essential in the interest of the Port The Committee accepted the view that it would be unwise for the present moment when there was every prospect [illegible] deprecia- [illegible] he made, [illegible] nvested in it. As regards the railway traffic to the Port, the Committee were anxious that the freight rates charged to Vizagapatam should not be unfair as compared to those charged to Calcutta, and it was explained that the Administrative Officer had been instructed to raise the question of freight rates with the Railway Board if there were any grounds for holding that these discriminated against the Port of Vizagapatam The Committee recommended that every effort should be made to keep the expenditure at the lowest possible level so as to provide for the paymemt to Central revenues of, at any rate, a part of the interest on the capital, and desired that the question whether full provision was being made to meet depreciation charges should be further considered and a report on this point submitted next year.

42. *Grant No 73—Civil Works*—With regard to the variations which occurred under individual sub-heads of this Grant, the Committee recognised the difficulties created by urgent and unforeseen works, but desired to make a general recommendation that the greatest foresight possible in the circumstances should be exercised in the preparation of the original estimates

43 *Central Public Works Department*—In connection with the report on the staff employed in the Central Public Works Department (Appendix XI), submitted in accordance with item 32 of the statement of past recommendations, the Secretary of the Department of Labour stated that the question of transferring work at present done for the Government of India by the Provincial Public Works Department to the Aviation Circle and the possibility of amalgamating one of the Delhi Divisions with the Simla Division was under examination , that the Chief Engineer had been asked to review the whole position and report to the Government of India not later than the first of September ; and that the matter would then be gone into by the Labour and Finance Departments and a further report submitted next year

44. *Grant No 22—Irrigation*—As regards the payment to the Government of Sind of the share of Central Government on account of Irrigation in the Nasirabad Tehsil, Baluchistan, by the Lloyd Barrage and Canals, it was

explained that as the orders of the Secretary of State had not been received provision had not been made in the Central Budget; but as the Goverment of Sind had budgeted in advance for this receipt, and as the delay in payment would increase the amount of interest due on the arrears of maintenance, the Finance Department had agreed to make immediate payment. The Committee agreed to recommend an excess vote on this account to cover the excess in this Grant.

45. *Grant No. 54—Mines.*—A vote to cover the excess in this Grant was recommended by the Committee.

46. *Grant No. 73—Civil Works.*—In connection with the percentages of establishment charges given in paragraph 8 (*iv*) of the Important Comments to this Grant, the Auditor General stated that the percentages included charges not strictly debitable to the establishment of the Central Public Works Department for the purpose of comparing the cost of their establishment with the work done by them and the Committee desired that next year figures should be given to show the establishment percentages after excluding irrelevant items.

The Committee adjourned at 5-30 p.m.

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45. *Grant No. 54—Mines.*—A vote to cover the excess in this Grant was recommended by the Committee.

46. *Grant No. 73—Civil Works.*—In connection with the percentages of establishment charges given in paragraph 8 (*iv*) of the Important Comments to this Grant, the Auditor General stated that the percentages included charges not strictly debitable to the establishment of the Central Public Works Department for the purpose of comparing the cost of their establishment with the work done by them and the Committee desired that next year figures should be given to show the establishment percentages after excluding irrelevant items.

The Committee adjourned at 5-30 p.m.

Proceedings of the thirteenth meeting of the Public Accounts Committee held on Friday, the 22nd July 1938, at 11 a.m

PRESENT

The Hon'ble SIR JAMES GRIGG, K C B , K C.S I , Finance Member, *Chairman*

Mr UMAR ALY SHAH. Mr B DAS Sirdar JOGENDRA SINGH Prof. N G RANGA Mr S SATYAMURTI Bhai PARMA NAND Captain Sardar Sir SHER MOHAMMED KHAN, C I E , M B E Mr J. RAMSAY SCOTT Dr R. D DALAL, C I.E Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA Khan Bahadur Sir ABDUL HAMID, C I E , O B E	*Members.*
Mr. M S A HYDARI, C I E , I.C S , Secretary, Department of Labour Mr. N MAHADEVA AYYAR, I C S., Deputy Secretary, Department of Labour Mr. M. Slade, I C S , Secretary, Department of Commerce Mr Y N SUKTHANKAR, I C S, Deputy Secretary, Department of Commerce Sir James PITKEATHLY, C M G , C I E , C V.O , C B E , D S O , Chief Controller of Stores, Indian Stores Department R. B KIRPARAM, Deputy Director of Administration, Indian Stores Department	*Witnesses.*

Mr A C. BADENOCH, C S I, C I E, I C S, *Auditor General*

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

Mr. T K RAJAGOPALAN, Representative of the A G, C.R

Mr. ISHWAR DAYAL, Audit Officer, Indian Stores Department.

The Hon'ble Sir JOHN NIXON, K C I.E , C.S.I , I C S, Finance Secretary

the pay of the Controller of Emigrant Labour was met from the Emigrant Labour Fund, and that only the cost of the subordinate establishment of 8 clerks was financed from this Grant. As regards the work done, the Secretary of the Department of Labour promised to supply copies of the annual

report on the working of the Tea Districts' Emigrant Labour Act to the members of the Committee.

48. *Reserves for unforeseen works.*—Comment was made on the large re-appropriations under ' Minor Works' in Grant No. 73—Civil Works, and it was stated that at the time the budget was being made up, the authorities were not in a position to fomulate exactly the minor works to be carried out but asked that the amounts available should be placed in reserve. The Auditor General stated that the sub-head ' P Reserve for unforeseen works and repairs' was intended for works unforeseen at the time of the budget and not for works for which estimates were not ready in time ; and the Committee desired that this should be borne in mind, and that so far as possible, this reserve should be restricted to re-appropriations for minor works.

49. *Pro rata Distribution.*—The system of *pro rata* distribution by which the total expenditure on account of establishment charges is distributed between the Central Government, Provincial Government and the Defence Department on the basis of the actual outlay of the year on the works of the respective authorities came in for considerable discussion. The Committee appreciated the fact that under the *pro rata* system of distribution it was impossible to have accurate estimates of establishment charges divisible between various Governments, as the amounts could not be accurately estimated until the works charges of the year were definitely ascertained ; and they recommended that the method of levying departmental charges at fixed rates should be adopted wherever Provincial Governments could be induced to accept it. The Committee desired to be informed next year of the progress made in this direction.

50. *Review of Grant No. 73—Civil Works.*—The Committee were inclined to think that the difficulties of budgeting for Civil Works could be reduced by the amalgamation of sub-heads, and though they were anxious that any amalgamation should not destroy the effectiveness of budget control they asked that a general review of the Grant should be conducted both for this purpose and for that of fixing the responsibility for defects in budgeting more clearly between the Public Works Department and the other Departments concerned.

51. *Calcutta Presses.*—With reference to last year's recommendation (item 30 of the statement), it was reported that plans and estimates for the amalgamation of the Hastings Street Press with the Dharamtala Press had been received and that it was being considered whether it would be a paying proposition. The Committee felt that considerable delay had already occurred and desired that consideration of the question should be expedited and a report submitted next year.

52. *Stationery Stores.*—The question was asked as to the reasons for the considerable augmentations of the original appropriations under several sub-heads in group C—Stationery Stores of Grant No. 75—Stationery and Printing, to which was attributed the excess in the voted section of the Grant. It was stated that the budget provision was liable to be upset by variations in the requirements of the Provincial Governments, as explained in a note by the Controller of Printing and Stationery. (Appendix XII).

[illegible] connection with paragraph 253 [illegible] that large differences had been [illegible] ...d the New Delhi Presses. It was explained that this was primarily due to difficulties experienced in assessing the stock of type and metal in these Presses, and that detailed instructions to avoid large differences in future were now being worked out

54 *Central Publication Branch* —With reference to the value of publica- [illegible] Commercial [illegible] red whether [illegible] distributed free or at half price rather than destroyed

55. *India Stores Department, London* —In connection with item 29 in the statement of action taken on previous recommendations, the Chief Controller of Stores stated that the question of the amalgamation of the India Stores Department, London with the Indian Stores Department had been fully examined in the report which he had just submitted, and that the orders passed in this connection would be reported to the Committee next year

The Committee adjourned at 1-30 p.m.

Proceedings of the fourteenth meeting of the Public Accounts Committee held on Friday, the 22nd July 1938, at 2-45 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Sirdar JOGENDRA SINGH.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members*.

Sir AUBREY METCALFE, K.C.I.E, C.S.I., M.V.O., Secretary, External Affairs Department.
Mr. V. Narahari Rao, C.I.E., Crown Finance Officer.
Mr. G. K. S. SARMA, Under Secretary, External Affairs and Political Departments.
Mr. E. C. PRICE, Finance Sercretary, Government of the North-West Frontier Province.
} *Witnesses*.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative the A. G., C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

56. *Grant No. 56—Eduction.*—With reference to item 39 of the statement showing action taken on previous recommendations, it was stated that the grants made to the Chiefs' Colleges had been examined and had been fixed on a revised scale for a period of 5 years from 1937-38, at the end of which the question would be re-considered.

57. *Grant No. 83—Rajputana.*—With reference to the suggestion that there should be a *pro forma* account showing the expenditure and receipts of the year in question to be added to the Demand, it was explained that in view, of the difficulties pointed out by the Auditor General, it had been decided that the question should not be pursued for the present. In the case of Grant No. 83 the expenditure of Rs. 13½ lakhs against which receipts amounting to Rs. 3 lakhs were collected, included expenditure on the Resident in Rajputana and political relations with the States besides that of administration of Railway police.

58. *Grant No. 85—Hyderabad.*—Regarding the unadjusted excess under sub-head ' B.-Miscellaneous ' of Account I, which had shown an excess for the fifth year in succession, it was explained that this was due to belated

debits received from the Military Adviser, Indian State Forces who had to obtain them from the Military Department, and that steps were being taken for earlier and more accurate adjustments in future

59. *Frontier Watch and Ward*—In connection with paragraphs 9 to 15 of the Important Comments below the appropriation Accounts relating to [illegible] ttee examined in [illegible] the more im- por [illegible] ndix XIII) It was explained that of the twenty six unauthorised funds, the balances of twenty-four funds had been credited to Government, and of the remaining two, one was an account kept with the Imperial Bank and the other was made up of moneys with which Government had no concern The balances of both have been disbursed and the funds closed The Foreign Secretary stated that the method of drawing and accounting for charges relating to " Entertainment Charges ", " Protection and Raids " and " Secret Service " had now been defined, and that instructions had been issued that money should not be drawn from the Treasury in advance of req [illegible] the letter to be issued by the [illegible] ties in general, the Foreign Sc [illegible] and that a report would be made to the Committee next year The action taken on the various irregularities was accepted as adequate , and the Committee left it to the Auditor General to report should the position be unsatisfactory in future

60 *Incidence of Persian Gulf Expenditure*—With reference to item 38 of the statement showing action taken on previous recommendations, it was stated that the question of the incidence of Persian Gulf expenditure was still under consideration with His Majesty's Government, and that the whole question was being carefully examined The Committee commented on the great delay that had taken place and recommended that a decision should be arrived at as soon as possible

61 *Irregularities in the accounts of certain schemes of development in the North-West Frontier Province*—With reference to paragraphs 2 to 4 of the Important Comments under " Political " in the Appropriation Report (at pages 367-368), it was stated that disciplinary action had been taken against the officials found responsible for the irregularities in the account of the Office opened for the Development of Agriculture and allied activities, that the Directorate of Agriculture had been abolished and that the marble factory with which the Government of India were concerned had been sold

The Committee adjourned at 5-30 p m

Proceedings of the fifteenth meeting of the Public Accounts Committee held on Monday, the 25th July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

} *Members*.

Mr. M. SLADE, I.C.S., Secretary, Department of Commerce.
Mr. Y. N. Sukthankar, I. C. S., Deputy Secretary, Department of Commerce.
Mr. J. N. Talukdar, I.C.S., Deputy Secretary, Home Department.

} *Witnesses*.

Mr. A. C. Badenoch, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. Rajagopalan, Representative of the A.G., C.R.

62. *Grant No. 46—Ports and Pilotage.*—With regard to appropriation under 'A.-1 (2).—Pay of Establishments', which proved unnecessary, it was explained that the additional provision was for extra Wireless Operators, payment for whom was recovered from the Port Commissioners earlier than was expected.

Comment was made on the savings under sub-head 'A.-4 (1).—Pay of officers'. It was explained that this was due to the fact that more pilots had gone on leave than was anticipated, but as savings had appeared under this sub-head for the last three years, the Committee considered that in future the budget estimate should be reduced by a lump cut, if necessary.

63. *Touring by the Nautical Adviser.*—The fact that the original budget provisions under 'B.-3.—Allowances, Honoraria, etc.' had had to be augmented for the second year in succession on account of more touring by the Nautical Adviser was commented on, and it was stated that the adequacy of the budget provision under this sub-head was under examination.

64. *Advance leave Salary.*—Attention was drawn to the advances of leave salary which had necessitated the modifications under 'C.-3 (1)', 'C.-6 (1)' and 'C.-7 (1)'; and it was explained that these were taken by R. I. N. Officers, whose services were lent to the Commerce Department, under paragraph 166 of the Marine Regulations, India.

65. *Bengal Pilot Service*.—In connection with paragraph 189 of the Commercial Appendix, the question was raised as to why it was necessary to maintain a Heavy Repairs Reserve in addition to a Depreciation Fund for the Bengal Pilot Service. It was explained that the Depreciation Reserve was used for writing down the assets as a whole so that the pilot vessels might be replaced at the end of their period of useful service, while the Heavy Repairs Reserve was for reconditioning the vessels and was a method of equalising repair expenditure from revenue
be special circumstances in the
maintenance of a separate Heav
Reserve was equal to 7 years' contributions this appeared *prima facie* to be excessive, and they desired that the necessity for this Reserve or alternatively for the reduction of the amount of the present annual contribution should be examined.

66. *Lighthouses and Lightships*.—With reference to item 41 of the statement showing action taken on previous recommendations, it was stated that the question whether it was necessary to maintain a special fund for replacements and additions as well as a depreciation fund and a general reserve fund for the
fund was unnecessary and could be abolished, and that a further report on the subject would be submitted next year.

67. *Grant No 28—Executive Council*.—The large saving under group head 'B—Cabinet Secretary' was noted, and it was explained that this was due to the appointment of a part-time instead of a full-time Secretary of the Executive Council.

68. *Gra*
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whether a lump sum cut should not be imposed

The Committee adjourned at 1-20 p m.

Proceedings of the sixteenth meeting of the Public Accounts Committee held on Monday, the 25th July 1938, at 2-40 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members.*

Mr. G. H. SPENCE, C.S.I., C.I.E., I.C.S., Secretary, Legislative Department.
Mr. K. SANJIVA ROW, C.I.E., Joint Secretary, Finance Department.
} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G., C. R.

69. *Grant No. 76—Miscellaneous.*—With reference to the reappropriation of the entire provision made under 'J.-1 (1).—Pay of Officers', it was explained that this was because no official member had been included in the Delegation to the meeting of the Assembly of the League of Nations that year. The Delegation had been up to the normal strength but on that occasion all the members had been non-officials.

Some members of the Committee felt that as the Delegation represented India as a whole there was a case for a contribution from the Indian States.

70. The Committee then proceeded to deal with the remaining Grants under the control of the Finance Department who in the absence of Sir John Nixon were represented by Mr. Sanjiva Row.

71. "*Purchases and Sales of Silver Account*".—In connection with the statement showing the transactions under the head "Purchases and Sales of Silver" during the year 1936-37 (page 207 of the Appropriation Accounts), the question was raised as to whether this account served any useful purpose and need be retained. The Committee agreed that in any case it would be necessary to have an account to accommodate :—

(*a*) payments to the Reserve Bank for the return of rupee coin under section 36 (1) of the Reserve Bank of India Act, and

(*b*) incidental charges connected with silver sales including shipment and transport ;

but they desire to be furnished with a note next year on the question whether the old debit balance in this Grant should not be written off to Government account.

72. *Commissions and Committees.*—Comment was made on the large modifications under 'D-2 (1)—Pay of Officers' in Grant No 76—Miscellaneous,

be possible to foresee and to provide for such Committees to a greater extent than appeared to be the case

73. *Grant No 76-B—Miscellaneous adjustments between the Central and Provincial Governments*—The large total excess in the voted section of this Grant was explained to be due to the increased shares of the Provinces in the receipts from the jute export duty, and the Committee decided to recommend an excess vote to regularise the excess

74 *Agency functions performed by the India Office*—With reference to item 12 of the statement showing action taken on previous recommendations, it was stated that the question of the transfer of the agency functions, at present performed by the India Office on behalf of the Government of India, to the High Commissioner was now being investigated by Sir Ernest Burdon as a representative of the Government of India, and that a report would be submitted next year

75. *Grant No 90—Loans and Advances bearing interest*—A member questioned whether there was any necessity for the Reserve of Rs 10 lakhs provided in this Grant, and the Committee desired that as savings had occurred in this Grant for a series of years, the point should be examined

The Committee adjourned at 5 p m

Proceedings of the seventeenth meeting of the Public Accounts Committee held on Tuesday, the 26th July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Members:

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Witnesses:

Mr. G. V. BEWOOR, C.I.E., I.C.S., Director-General of Posts and Telegraphs.
Mr. T. R. SADASIVAM, Deputy Director-General, Posts and Telegraphs.
Mr. A. BROKENSHAW, Chief Engineer, Posts and Telegraphs.

Mr. A. C. BADENCOH. C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

Mr. K. R. S. RAU, Accountant General, Posts and Telegraphs.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

76. *Loss on Telegraphs Branch.*—The Director-General of Posts and Telegraphs explained the various measures taken to reduce the loss on the working of the Telegraphs Branch. Actually, the loss had been continuously reduced and was about 30 lakhs for the year 1936-37 and was anticipated to be about 17½ lakhs for 1937-38. The loss would have been less but for the fact that Telegraphs traffic had not recovered in spite of the reduction in rates effected in 1934. The Director-General indicated that perhaps retrenchment had been carried too far in this Branch resulting in a deterioration in the quality of the service and that it might be necessary to face some additional expenditure so as to improve the service and attract more traffic. There was considerable discussion over the concessional rates allowed for Press Telegrams including multiple address telegrams to different stations, and the figures supplied seemed to indicate that the bulk of the loss as now reduced was due to the concessiona

commercial results of the telegraph and telephone systems together which would show no loss

77. *Repayment of accumulated losses*—With reference to page 3 of the Annual Report of the Indian Posts and Telegraphs Department, the method of repayment of the accumulated net interest bearing loss of the Department, which was Rs 55 lakhs at the end of 1935-36 and of the accumulated loss on Press traffic and on the Radio Branch, as announced in the Budget Speech, was explained, and it was stated that on the completion of the annual payment of Rs. 8½ lakhs for the next 5 years the Department would have repaid all past losses, and that the question of the transfer of at any rate part of the surplus earnings to a Revenue Reserve Fund may have to be considered

78 *Post Office Insurance Fund.*—With reference to Appendix XIV of the Annual Report showing the business of the Post Office Insurance Fund in Life Insurance, Endowment Assurance and Monthly Allowances, a member suggested that the Fund which at present was restricted to Government servants and the employees of Local Funds, should be opened to the general public. It was explained that if this was done, the management expenses would be greatly increased and the alteration in the mortality figures would completely upset the scale of premia at present fixed.

The Committee adjourned at 1-15 p m.

Proceedings of the eighteenth meeting of the Public Accounts Committee held on Tuesday, the 26th July 1938, at 2-30 p.m.

PRESENT:

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members.*

Mr. G. V. BEWOOR, C.I.E., I.C.S., Director-General of Posts and Telegraphs.
Mr. T. R. SADASIVAM, Deputy Director-General, Posts and Telegraphs.
Mr. A. BROKENSHAW, Chief Engineer, Posts and Telegraphs.
} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

Mr. K. R. S. RAU, Accountant General, Posts and Telegraphs.

The Hon'ble SIR JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

79. *Renewals Reserve Fund.*—In connection with the contribution of Rs. 25 lakhs to the Renewals Reserve Fund, as given in the summary of results of the working of the Department at page 1 of the Appropriation Accounts, it was explained that this was distributed among the Branches not in strict proportion to the capital involved in each Branch but after taking into account the longer life of the assets of the Post Office Branch, and that the further adjustment on this account between the contributions of the Telegraphs and Telephone Branches was now under consideration.

80. *Accuracy of budgeting.*—It was noted that the original budget had been upset by the decision taken after the estimates were framed for the allocation of expenditure between Working Expenses, Capital and Renewals Reserve Fund whereby larger debits had been passed on to the Renewals

Reserve Fund than were originally estimated, and that for Capital Works under Grant No 91 the main disturbing factors were the changes in the programme of telephone works and the abandonment of works intended for the Railway, Civil Aviation and Provincial Governments It was explained that a Telephone Development Fund had now been created to finance the 5-year Capital Programme from 1938-39, and that the railways and other departments had been informed that unless a firm demand for new schemes is made by a given date it will not be possible to undertake them

81. *Frauds by Extra Departmental Agents* —In connection with paragraph 12 of the Audit Report, attention was drawn to the large number of frauds committed by Extra Dep[illegible] mainly related to Savings [illegible] where immediate supervision is [illegible] measures to reduce the possibility [illegible]

82 *Grant No 23, sub-head "F -Engineering Expenses"* —Comment was made on the amounts of the re-appropriations under 'Pay of Officers' and 'Pay of Permanent Establishment' under this sub-head, and it was explained that the variations were small and that according to the new system of sub-heads based on the recommendation made by the Committee last year, which had now been introduced, these variations would not occur in future

The Committee adjourned at 5-30 p m.

Proceedings of the nineteenth meeting of the Public Accounts Committee held on Wednesday, the 27th July 1938, at 11 a.m.

PRESENT:

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.
Mr. B. DAS.
Prof. N. G. RANGA.
Mr. S. SATYAMURTI.
Bhai PARMA NAND.
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. J. RAMSAY SCOTT.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.
} *Members*.

The Hon'ble Mr. J. A. THORNE, C.S.I., C.I.E., I.C.S., *Secretary, Home Department*.
Mr. J. N. TALUKDAR, I.C.S., Deputy Secretary, Home Department.
Mian MUHAMMAD RAFI, B.A., Bar.-at-Law, Secretary, Legislative Assembly Department.
} *Witnesses*.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G., C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

83. *Grant No. 80-Delhi.*—In connection with note 5 under this Grant (at page 299 of the Appropriation Accounts), the Committee desired that in future the Auditor General should elaborate the note on the receipts and expenditure of Delhi Province.

84. The Committee decided to recommend excess votes to cover the excesses that had occurred under Grants Nos. 81.—Ajmer-Merwara and 82.—Andamans and Nicobar Islands.

85. *Shipping Department, Andamans.*—With reference to the remark in paragraph 208 of the Commercial Appendix that a better result could be obtained if the freight on timber was raised to that charged by outside steamers, it was explained that there were difficulties in that the S. S. "Maharaja" had to provide the service for the whole Settlement, and its programme of voyages could not be regulated to suit the timber trade like that of outside steamers, but that the question of raising the freight on timber was being considered.

86. *Commissariat Department, Andamans*—With reference to the Audit Comments in paragraphs 230—231 of the Commercial Appendix, the Committee desired that the reason for the sale of butter and mutton at less than cost price should be examined and a report submitted next year

87. *Date of publication of Appropriation Accounts*—A member drew attention to paragraph 118 of the proceedings of the Public Accounts Committee, 1937, where the non-official members of the Committee recommended that in future the Appropriation Accounts should be published as soon as they were available. The Auditor General explained the steps that had been taken on his advice by Provincial Governments to secure this result, and the [illegible] and the possibility of similar action [illegible] t waiting for the Accounts to be laid [illegible] re should be examined

88. The non-official members of the Committee desired to reiterate their recommendation of last year that the accounts and the relative audit reports of both the Federal Railway Authority and the Crown Department should be laid on the table of the Central Legislature

89. The Committee desired to thank the Auditor General for the valuable [illegible] tance rendered by him to the Committee

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REPORT OF THE MILITARY ACCOUNTS COMMITTEE, 1938.

We are appointed in pursuance of the recommendation made in paragraph 31 of the Report of the Public Accounts Committee on the Accounts of 1929-30 to make a preliminary examination of the Appropriation Accounts of the Defence Services and connected documents. We have been assisted in this work by the Auditor-General, the Defence Secretary, the Financial Adviser, Military Finance, and the Military Accountant General. The results of our examination are, as usual, embodied in the proceedings of our meetings which we desire to be treated as a part of our report. The following paragraphs deal only with some of the more important points.

2. *Revision of Regulations.*—We are gratified to note that considerable progress has been made in the task of revising the Army Regulations, the more important of which have now been issued, and to be assured that there is every probability of the main work being completed before next year. We were also glad to learn that the revised Equipment Regulations and Tables of the R.A.F. are nearing completion and that stock limits have been prescribed in the revised edition of the Equipment (Stores) Regulations which has been issued and is now in general use. The review of stocks in relation to these limits, which is now proceeding, we consider to be most important and recommend that the Air Officer Commanding should be asked to give a full report next year of the progress made and of the results of the review.

3. *Accelerated payment in March.*—We were glad to note that the stringent orders issued by the Engineer-in-Chief to prevent works being rushed through in the last weeks of the financial year and to enforce the surrender of funds that could not properly be carried out within the time for re-grant in the following year had resulted in considerable improvements, but we consider that while the re-grant of lapses is adequately provided for more attention should be paid to the necessity of making cuts for the amounts thus unexpended.

4. *Correction of over-budgeting.*—We were glad to learn that the system of making a lump sum cut on account of the accumulation of small savings throughout the Grant as a whole had been put into effect from the year 1937-38. We realise that this Grant is particularly liable to disturbing factors such as military operations in Tribal Areas which may neutralise the effect of such an all-over cut, but we are of opinion that the system is normally capable of further development, and we recommend that the Financial Adviser, Military Finance, should be asked to prepare a memorandum on the processes of estimating now in force for the Defence Services and the improvements that might be made in the system.

5. Our main conclusion from the examination of the over-payments and non-recoveries of dues brought to our notice by Audit was that there was a tendency to repeat payments without examination or reference to the original sanction or ruling, and we wish to stress the desirability of a review of the original orders on which standing charges are based at regular intervals, such as we have been assured has now been undertaken by the Military Audit Department.

6. *Defence Reserve Fund.*—We are inclined to think that now that the free balance in the Defence Reserve Fund has been exhausted, this Fund should be restricted to the financing of projects that cannot be completed within the year and of specific schemes for which earmarked sums have been set apart. We therefore recommend that a review of the Defence Reserve Fund as a method of financing expenditure from Defence Estimates should now be undertaken and a report on the subject submitted next year

P J. GRIGG

B. DAS

S. SATYAMURTI.

SHER MOHAMMED KHAN.

J C NIXON

H. A. C. GILL, *Secretary,*
27th July 1938.

Proceedings of the first meeting of the Military Accounts Committee held on Tuesday, the 12th of July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I. ..	Finance Member, *Chairman.*
Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. Mr. S. Satyamurti. Mr. B. Das. The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S.	*Members.*
Mr. C. M. G. OGILVIE, C.B.E., I.C.S., Secretary, Defence Department. Mr. M. R. COBURN, O.B.E., Financial Adviser, Military Finance. Mr. V. NATESAN, Deputy Financial Adviser, Military Finance. Mr. J. PARLBY, O.B.E., Military Accountant General.	*Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General.

Mr. W. R. TENNANT, I.C.S., Director of Audit, Defence Services.

The Committee first considered the military items in the statement showing action taken or proposed to be taken on recommendations made by them in previous years.

2. *Item 28—Allocation of Ecclesiastical Expenditure.*—In connection with item 28 in the statement showing action taken on previous years' recommendations it was stated that the census had been completed but for certain returns in regard to plains stations which had had to be sent back for correction, and that when these had been revised and duly compiled, the census would be complete. The Committee trusted that this question would be finally disposed of this year and desired that all possible steps should be taken to bring this about.

3. *Item 45—Revision of Army Regulations.*—With reference to the report submitted on the subject (Appendix XVII), the Defence Secretary stated that though good progress had been made in the revision of the more important regulations, this would have been more rapid if the Special Officer appointed to this duty had not been incapacitated by illness for a considerable period. The remaining regulations to be revised did not present so large a task and the Defence Secretary stated that the main work should be completed in another year, though it would be necessary for one officer to be retained permanently on the work of revision so as to avoid the accumulation of correction slips. It was also explained that, with the concurrence of the Auditor General, the practice of bringing all individual cases under some section of the regulations

Proceedings of the second meeting of the Military Accounts Committee held on Tuesday, the 12th July, 1938, at 2-30 p.m.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I	Finance Member, *Chairman*
Captain Sardar Sir SHER MOHAMMED KHAN, C I E , M B E Mr. S Satyamurti. Mr. B. Das The Hon'ble Sir JOHN NIXON, K C I E , C S I , I C S	*Members*
Mr. C. M G OGILVIE, C B E , I C S , Secretary Defence Department Mr. M R COBURN, O B E , Financial Adviser, Military Finance Mr V. NATESAN, Deputy Financial Adviser, Military Finance Mr J PARLBY, O B E , Military Accountant General.	*Witnesses.*
Mr. A C. BADENOCH, C S I , C I.E , I C S , Auditor General of India	
Mr W. R. TENNANT, I C S , Director of Audit, Defence Services	

11. The Committee then took up the consideration of the report of the Director of Audit, Defence Services, taking first the examination of the Reconstruction in Baluchistan

12 *Paragraphs 32, 33, 34 and 35* —In connection with the financial review of the Quetta Reconstruction, 1936-37, submitted by the Financial Adviser, Military Finance (Appendix XXV), the Committee agreed that the special procedure of the lump sum contract system adopted for the Quetta programme was justified in view of the rapid and expeditious reconstruction required, and that Government had not suffered financially from this procedure The question was raised whether the expenditure on the establishment had been kept as low as possible, and it was explained that in the year 1936-37 when the plans were being prepared and land being levelled, the ratio of expenditure on staff to the cost of buildings erected was bound to be high, and that expenditure on establishment could only be considered with regard to the cost of the scheme as a whole The statement of the Defence Secretary that the ratio of the cost of establishment to works constructed in 1937-38 was a particularly low figure, that compared favourably with the percentages of the Central and Provincial Public Works Departments, and that although it was not possible owing to the cutting down of the allotment of funds to carry out the optimum amount of work each year, it was hoped to keep the expenditure on establishment to the level of Rs 45 lakhs provided in the project estimate was noted with satisfaction, and the Committee expressed the hope that every effort should be made to approximate to this.

altogether, but it was pointed out that in view of the rights of the officers concerned to count lodging allowance as part of their pay, the system was reasonable; and this was accepted by the Committee.

7. *Item 51—Accelerated payment of bills in March.*—The report of the Director of Audit, Defence Services (Appendix XXI) was considered in connection with paragraph 130 of the Appropriation Accounts, and it was accepted by the Committee that the improvement in this respect over previous years had been material, and it was hoped that the unusual increases in expenditure during the concluding weeks of the financial year, which had occurred in the past, would disappear in future years. The Director of Audit, Defence Services would report specifically only if there were appreciable deterioration from the March 1938 standard.

8. *Item 52—Disposal of surplus and obsolete stores.*—It was explained that the figures in regard to the total value of stores condemned was available in the statistics maintained by the Military Finance Branch, but the publication of the book value of such stores would be entirely misleading. It was agreed that the procedure for the continuous check of surplus or obsolete stores by the Military Finance Department, and the present system of making the particulars of surplus and obsolete stores available to audit criticism was satisfactory.

9. *Item No. 53—Methods of charging the War Office with the pay of officers serving with a lent unit.*—It was explained in connection with the note on the subject (Appendix XXIII) that capitation rates were fixed in consultation with the War Office for a period of 5 years, and that in the next quinquennial revision in 1939 a fresh ratio in accordance with the actual numbers in the various ranks of Infantry units of the Indian Army would be adopted.

10. *Mechanisation of Ordnance Factory Accounts.*—The note with reference to paragraph 29 of the Commercial Appendix to the Appropriation Accounts for 1936-37 (Appendix XXIV) was then considered, and it was agreed that the mechanisation of Ordnance Factory Accounts, which had been carried out in the Ordnance and Clothing Factories in respect of Workmen's Pay Rolls, Cost Accounts and Store Accounts and which had speeded up various accounts and statistics and had brought about a considerable saving in expenditure, had proved satisfactory.

The Committee adjourned at 1-15 p.m.

Proceedings of the second meeting of the Military Accounts Committee held on Tuesday, the 12th July, 1938, at 2-30 p.m.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B, K C S I — Finance Member, *Chairman*

Members:
Captain Sardar Sir SHER MOHAMMED KHAN, C I E, M B E
Mr. S. Satyamurti.
Mr B Das
The Hon'ble Sir JOHN NIXON, K.C I E, C S I, I C S

Witnesses.:
Mr. C M G. OGILVIE, C.B E, I C S, Secretary Defence Department.
Mr M R COBURN, O B E, Financial Adviser, Military Finance
Mr V. NATESAN, Deputy Financial Adviser, Military Finance
Mr. J PARLBY, O.B E, Military Accountant General.

Mr A. C BADENOCH, C S I, C I.E, I C S, Auditor General of India
Mr. W R. TENNANT, I C S, Director of Audit, Defence Services

11. The Committee then took up the consideration of the report of the Director of Audit, Defence Services, taking first the examination of the Reconstruction in Baluchistan.

12. *Paragraphs 32, 33, 34 and 35* —In connection with the financial review of the Quetta Reconstruction, 1936-37, submitted by the Financial Adviser, Military Finance (Appendix XXV), the Committee agreed that the special procedure of the lump sum contract system adopted for the Quetta programme was justified in view of the rapid and expeditious reconstruction required, and that Government had not suffered financially from this procedure The question was raised whether the expenditure on the establishment had been kept as low as possible, and it was explained that in the year 1936-37 when the plans were being prepared and land being levelled, the ratio of expenditure on staff to the cost of buildings erected was bound to be high, and that expenditure on establishment could only be considered with regard to the cost of the scheme as a whole The statement of the Defence Secretary that the ratio of the cost of establishment to works constructed in 1937-38 was a particularly low figure, that compared favourably with the percentages of the Central and Provincial Public Works Departments, and that although it was not possible owing to the cutting down of the allotment of funds to carry out the optimum amount of work each year, it was hoped to keep the expenditure on establishment to the level of Rs 45 lakhs provided in the project estimate was noted with satisfaction, and the Committee expressed the hope that every effort should be made to approximate to this.

13. *Paragraph 36.*—The modifications in the normal procedure that had to be allowed to suit the special circumstances of the first contracts were noted and since very short notice was given for the tenders to ensure the earliest possible start of construction in the short working season remaining in 1936, the Committee agreed that it was reasonable to have allowed correction of *bona fide* errors in the schedule prior to the conclusion of certain contracts.

14. *Paragraph 38.*—The Committee examined the instances of transactions which audit considered open to question and their conclusions were that:—

(1) on the question whether the State got the full advantage of the specially reduced price of cement obtained by Government in return for its guarantee that a certain company's cement only would be used for the first six years of reconstruction, there was no reason to think that Government had lost anything by the contractors not being formally notified that cement would be purchaseable at the reduced price;

(2) the revision of the rate for an important item in the schedule of rates to the financial advantage of the contractors of one group after acceptance of the contract was a correction of an obvious mistake which had been rightly allowed;

(3) the concession allowed to the contractors for payment for hot and cold water installations, special improvements to site, surface drainage and approach roads at the rates in the schedule of rates unmodified by the ratio, without the sanction of the Government of India was a technical mistake; and

(4) as regards the construction without specific authorisation of—

(*a*) Institute for Royal Army Medical Corps and Indian Hospital Corps, and

(*b*) 18 Class D quarters attached to servants' quarters to Class IX quarters,

administrative approval of the scheme as a whole did not exempt the executive authorities from obtaining separate sanctions for such normally unauthorised items, and that specific sanction should have been obtained. As there seems to have been some misunderstanding over the terms of the administrative approval, the Committee desired to lay down for the future that the specific sanction of the Finance Department should be obtained for the construction of each item in the unauthorised list, though these were included in the project estimate approved by the Government of India.

15. *Paragraph 6.*—The question of over-budgeting and the "margin of safety" disclosed in the estimates over a number of years was discussed at length by the Committee along with paragraphs 129 and 130 of the Appropriation Accounts of the Defence Services for 1936-37. In considering the appropriations and expenditure under the head '8—Military Engineer Services (including Stores),' the Committee noted that in the past officers entrusted with the execution of works had endeavoured to minimise lapses by rushing through work and the connected expenditure during the last

able practice It was accepted by the Committee that the improvement in this respect over previous years had been material, but they considered that while provision had been made for regrant of lapses, sufficient attention had not been paid to the necessity of making a cut for the amounts thus unexpended.

less than 1 per cent of the n unavoidable accumulation e Committee considered that this should be dealt with by a lump sum cut. It was explained that this practice of making a lump sum cut on account of the accumulation of small savings had been adopted since the year 1937-38, but the Committee desired that the Financial Adviser, Military Finance should, before the Committee met next year, send them a memorandum on the processes of estimating now in force for the Defence Services and his suggestions for their improvement based on his War Office experience.

16 *Paragraph 7*—The over-estimate under ' Pay of Officers ' was noted by the Committee, who recommended that a larger lump sum cut on the basis of the average underspendings of previous years should be made under this head.

17. *Paragraph 8*—It was explained by the Defence Secretary that as the stages of the scheme for reorganisation of the Mechanical Transport Services were brought into force at intervals, possible savings came to light and thus there was a saving on the original estimates with consequential benefit to Government.

18. *Paragraph 11.*—After discussion, in which the Committee was assured that the reserves in the Defence Estimates were only used to augment the existing grants subject to the ordinary rules of control, they agreed that the reserves as now reduced which amount to Rs. 10 lakhs in all supplied only a reasonable provision for unforeseen contingencies and were not excessive.

The Committee adjourned at 5 p.m.

Proceedings of the third meeting of the Military Accounts Committee held on Wednesday, the 13th July 1938, at 11 a.m.

PRESENT.

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I. .. Finance Member, *Chairman.*

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E.
Mr. S. SATYAMURTI.
Mr. B. DAS.
The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S.
} *Members.*

Mr. C. M. G. OGILVIE, C.B.E., I.C.S., Secretary, Defence Department.
Mr. M. R. COBURN, O.B.E., Financial Adviser, Military Finance.
Mr. V. NATESAN, Deputy Financial Adviser, Military Finance.
Mr. J. PARLBY, O.B.E., Military Accountant General.
} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. W. R. TENNANT, I.C.S., Director of Audit, Defence Services.

19. The Committee continued the examination of the report of the Director of Audit, Defence Services.

20. *Paragraphs 14, 15 and 16—Overpayments and non-recoveries due to failure to examine original sanctions.*—The Committee noted that the supplementary payments on account of conveyance charges for military animals had been made under the mistaken interpretation of the original sanction and commented on the fact that there was no examination of the original ruling during the 8 years the payments were continued. The non-recovery of departmental charges from a foreign Government mentioned in paragraph 15 and the short recovery of rent described in paragraph 16 were also considered to be the result of the same defect. The Committee were of the opinion that it was desirable that a review of standing charges should be conducted at intervals, and were glad to be assured that the Military Audit Department had started the practice of examining all cases of payments based on standing orders, as the result of which these irregularities had been brought to light.

21. *Paragraph 18 -Overpayment of travelling allowance.*—In connection with the overpayments on account of free return rail passages to their homes granted to persons serving in the Quetta area at the time of the earthquake, it was explained that the main cause for the mistake made was that the original orders had been sent by wireless to Quetta when no other means of communication were available, and that the letter of confirmation was issued some time later by another Branch. The Committee noted the fact that the overpayments were mainly the result of mistakes due to the rush of work at the time of the earthquake, when there was the necessity for extremely rapid decisions.

22. *Paragraph 22—Irregular payment of rent.*—The Committee considered that the fact that the rent of the leased bangalow was continued to be paid to the former owner after it has been sold to another party instead of being deposited in court, disclosed an error of judgment which deserved censure; and the Defence Secretary undertook to look into the action taken against the authorities concerned

23. *Paragraph 24—Purchase of carts without calling for tenders out of a special grant-in-aid to a Cantonment*—Though the matter was not strictly within their jurisdiction, the Committee expressed the opinion that a serious irregularity had been disclosed and noted that the question of disciplinary action against the officer responsible would be pursued in the Defence Department.

24. *Paragraph 25—Overpayments of pensions*—The Committee noted that the number of cases of overpayments of pensions had been substantially reduced and agreed that the special report on the subject might be discontinued

25. *Paragraph 29—Establishment charges in the Military Engineer Services.*—It was explained that the increase in the establishment charges in 1936-37 was partly due to the initial expenditure on Quetta Reconstruction The Committee noted, however, that the percentage of establishment charges had remained in the neighbourhood of 24 for the last three years, and considered that *prima facie* this was high and called for investigation and report next year.

26. *Paragraph 30—Surveyors of Works*—The Committee noted that the distribution of responsibility for internal check had been materially affected in greater or less degree in different Commands by the introduction of the specialist cadre of Surveyors of Works, and that adequate arrangements to meet that situation were not yet perfected They desired that the Director of Audit, Defence Services, should submit a report on this matter next year

27 *Paragraphs 40 and 41—Stock verification*—The Auditor General stated that he had no reason to question the system of stock verification now in force; and this was accepted by the Committee

28. *Paragraph 44—Central Abattoir and Cold Storage Schemes.*—The Committee could not but regard the fact that the scheme had had to be abandoned as unfortunate on account of both the waste of Government money involved and of the loss of facilities that would have been obtained both for the public and for the Army

29 *Paragraph 45—Appendix B*—Pro forma *account of expenditure on programme measures*—It was noted that with the exhaustion of the free balance in the Defence Reserve Fund, it was doubtful whether the Fund served any purpose other than that of an Equalisation Fund for projects that could not be completed within the year and for sums earmarked for certain specific

Appropriation Accounts.

30. *Paragraph 27—Military Accountant General's Certificate.*—The Committee noted that the rules relating to issues of oil to consuming units and formations had now been clarified, and the Military Accountant General stated that from the year 1939-40 it would be possible to issue a complete certificate in respect of such issues.

31. *Paragraph 28.—Variations between original appropriation and expenditure.*—Attention was drawn to the considerable variations between the original appropriation and expenditure under the heads '11—Royal Indian Navy (Including Stores)' and '12—Quetta Reconstruction' and it was explained that in the case of the R. I. N. this was due to the previous system of budgeting for a lapse to the Equalisation Fund which had now been discontinued.

32. *Paragraphs 83 and 84.—Excesses due to new appointments.*—The Committee desired to reaffirm their view that increases of expenditure unprovided for in the budget which were avoidable should be postponed.

Commercial Appendix.

33. *Paragraph 4.—Grass Farms.*—The Committee noted that ordinarily two-thirds of the average annual consumption of fodder was produced by the Farm Authorities and that one-third had to be purchased from contractors at higher rates. It was explained that in certain areas and at certain small stations grass farms would not be advantageous, but the Committee desired that the question whether the system of Military Grass Farms could not profitably be extended should be examined and that a report should be submitted next year.

34. *Paragraphs 6, 7 and 8—Dairy Farms.*—It was noted that milk, butter and cream were sold to the troops at concession rates considerably lower than the market prices; and the Committee desired that it should be examined whether this dairy produce was not being sold unduly cheaply and that a report on this point should be furnished next year.

35. *Paragraph 14.—Medical Store Depots.*—The Committee noted that the method of compiling the accounts of the Medical Store Depots was still under consideration and hoped that the form of accounts designed to show the net effect of the activities of the depots in connection with supplies and services rendered on payment by them to civil institutions would be settled in the course of the year.

36. *Paragraph 25.—Clothing Factory.*—The Committee considered that it should be possible to test the actual profit made by the Clothing Factory as against the open market, and desired that a report on this matter should be submitted by the Financial Adviser, Military Finance next year.

The Committee adjourned at 1-30 p.m.

APPENDICES.

APPEN

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			Civil (Education, Health and Lands).
1	1935-36	10-R. .. .. 7-P.	That Government should again examine the question whether the transfer of work connected with the Army, which has led to so large a reduction in the receipts of the Mathematical Instrument Office, was in the interests of India as a whole.
2	1935-36	7-P.	That Government should consider the question of allowing the Mathematical Instrument Office to take work direct from the pulic.
3	1935-36	5-P.	That the Committee should be informed whether any investigation has recently been undertaken with a view to improving the financial position of the Map Sales Department.
4	1935-36	6-P.	That Government should investigate whether it is necessary to hold such large stocks in the Photo Litho Office.
5	1935-36	8-P.	That Government should consider whether it is necessary to retain the post of Director of the Botanical Survey, now that Burma has been separated.
6	1935-36	44-P.	That the Committee be supplied with further information regarding the staff maintained at Jeddah in connection with Indian pilgrims.
			Civil (Finance).
7	1935-36	5-R. .. .. 48-P. 60-P. 6-P. (Military).	That the advisability of imposing lump cuts should be considered, especially in connection with certain Grants where there have been substantial savings in past years.
8	1935-36	5-R. .. .. 13-P. 8-R. (Military).	That all the authorities concerned should be reminded of the principle that even if budget provision has originally been made under an incorrect unit, the corresponding expenditure should be brought to account under that unit, unless there be strong reasons for a contrary course.
9	1935-36	5-R. .. .. 17-P. 22-P.	That the Finance Department should, in consultation with the Auditor-General, experiment with a few Grants in order to see whether larger units of appropriation, both for budgeting and appropriation report purposes, would not lead to more accurate estimating and indeed to economy.

DIX I.

ecndations made by the Central Public Accounts Committee.

graphs, and Defence Services.

Action taken or proposed to be taken.
A note has been submitted to the Committee, (Appendix IV).
The Government of India have decided that it is neither practicable nor desirable to allow the Mathematical Instrument Office to take work direct from the Public. The Mathematical Instrument Office will continue to undertake certain special classes of work for private and local bodies at remunerative rates when the office is not working to capacity on Government work, (Vide Appendix V).
A note on the subject has been submitted to the Committee, (Appendix VI).
A note has been submitted to the Committee, (Appendix VII).
The question is being considered.
A statement has been furnished, (Appendix VIII).
The system of making lump cuts has been adopted.
Instructions have been issued by the Auditor-General to all accounting and audit authorities.
The question is being considered.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			Civil (Finance)—contd.
10	1935-36	7-R. .. .. 48-P. 54-P. 101-P.	That in order to avoid unnecessary supplementary grants the latest figures of actuals should be carefully studied immediately before a supplementary demand is submitted to the Legislature.
11	1935-36	8-R. .. .. 41-P. 84-P. 112-P.	That the Finance Department should consider the possibility of eliminating the capital head for expenditure on the commutation of pensions and also certain other minor capital heads.
12	1935-36	9-R. .. .. 43-P.	That unless there are very strong administrative or financial reasons for continuing the existing system the agency function at present performed by the India Office on behalf of the Government of India should be transferred to the High Commissioner and the remaining cost of the India Office should be borne by His Majesty's Government.
13	1935-36	9-R. .. .. 40-P.	That Government should consider whether the account maintained by the Secretary of State with the Bank of England could not be transferred to the Reserve Bank.
14	1935-36	32-P.	That the procedure adopted in connection with savings in Grant No. 27 should be investigated.
15	1935-36	35-P.	That the Finance Department should satisfy themselves that the amount which is placed at the disposal of the Secretary of State for secret service expenditure is still necessary.
16	1935-36	49-P.	That when a supplementary grant is required to meet only a part of the cost of a scheme the Legislature should be informed of the total cost.
17	1935-36	110-P.	That Grant No. 76—Miscellaneous should, if possible, be re-arranged in future years in order to bring together the items relating to each Department.
18	1935-36	4-P.	That the procedure adopted in connection with the acknowledgment of surrenders should be investigated in order to ascertain whether the responsibility of the various authorities concerned had been sufficiently clearly defined.

mendations made by the Central Public Accounts Committee—contd.

graphs, and Defence Services—*contd.*

Action taken or proposed to be taken
Instructions have been issued to the authorities concerned.
In the budge mercial I only for for expen lished, and four other capital demands [illegible] houses and Lightships) have been amalgamated with the corresponding revenue demands It is hoped that this question will shortly be investigated in London by a representative of the Government of India.
The [illegible]
Exp [illegible]
The [illegible]
This will be done.
The *question is being examined*, but *in view of* the accounting difficulties involved it was not considered practicable to introduce the proposed change in the Demand for 1938-39
[illegible] be supplied to the Finance Department to enable the [illegible] by the Secretary of State or the High Commissioner are not overlooked.

Statement showing action taken or proposed to be taken on recom-

PART I.—Civil, Posts and Tele-

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			Civil (Finance)—concld.
19	1935-36	9-P.	That the legal difficulties, if any, with regard to the recovery of money due from an officer on pension should be examined, and if necessary legislation should be undertaken to remove them.
20	1935-36	15-R. .. .. 12-P. 13-P. 96-P.	That all the authorities concerned should be reminded of the importance of ensuring that the explanations given in the Appropriation Accounts are both accurate and intelligible.
21	1935-36	15-R. .. .. 106-P. 9-R. (Military). 7-P. (Military).	That the audit officers concerned should indicate in their Audit Reports which of the items in the lists of variations, etc., they still regard as unsatisfactory after considering the explanations given by the administrative authorities.
22	1935-36	6-R. .. .. 88-P.	That Government should suggest means of improving the accuracy of budgeting for works expenditure while maintaining the principle of Parliamentary control.
23	1935-36	8-R. .. .. 72-P.	That any further expenditure on New Delhi, which is not of a clearly remunerative character, should be charged to revenue and not to capital.
24	1935-36	65-P.	That in future the Finance and other Departments should invariably obtain the opinion of the technical Department before making budget provision for any works projects.
25	1935-36	11-P.	That the Government of India should insist on obtaining audited statements of the accounts of all institutions to which grants-in-aid are paid.
			Civil (Central Board of Revenue).
26	1935-36	46-P.	That it should be considered whether customs and other assignments and compensations should not be treated as deductions from revenue instead of expenditure.
27	1935-36	50-P.	That the Board should examine the possibility of securing a reduction in expenditure corresponding with the reduction in the output of the Opium Factory at Ghazipur.
			Civil (Industries and Labour).
28	1926-27 1928-29 1929-30 1933-34 1934-35 1935-36	25-R. .. .. 91-P. 118-P. 36-P. 20-P. 57-P.	That the question of the allocation of ecclesiastical expenditure should be settled as early as possible.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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[illegible]

[illegible]

[illegible]

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			Civil (Industries and Labour)—contd.
29	1932-33 1933-34 1934-35 1936-37	31-P. .. .. 14-R. 23-P. 62-P.	That in view of the large drop in the value of stores purchased from the Indian Stores Department, London, the question of amalgamating it with the Indian Stores Department should be considered.
30	1934-35 1935-36	18-P. .. .. 11-R. and 55-P.	That Government should examine the possibility of abolishing the Hastings Street Press, and that in any case the question of amalgamating the Hastings Street and Dharamtala Presses should be settled without further delay.
31	1935-36	73-P.	That Government should examine the possibility of obtaining more revenue from the Ajmer-Merwara irrigation schemes through a reduction in the charges levied from the cultivators.
32	1935-36	6-R. .. .. 69-P. 116-P.	That Government should submit a report next year on the question whether the staff employed in connection with capital works undertaken by the Central Public Works Department and with the purchase of stores is not unnecessarily large.
33	1935-36	53-P.	That the question whether additional revenue could be obtained from advertisements in the *Indian Listener* should be further considered.
34	1935-36	56-P.	That the index of publications issued from time to time by the Central Publications Branch should be supplied to Members of the Legislature.
35	1935-36	66-P.	That it should be considered whether the Civil Works Grant should not in future be confined to works which are actually under the control of the Industries and Labour Department, other items being included in the Grants relating to the Departments or Administrations concerned.
36	1935-36	71-P.	That a report should be submitted regarding the adequacy of the present arrangements for the revenue and financial administration of Government lands and other properties in New Delhi.
37	1935-36	89-P.	That the Committee should be informed of the nature and extent of the control which the Controller of Stationery and Printing would exercise over the Private Secretary's Press and the Presses for which the Political Department are responsible.

mendations made by the Central Public Accounts Committee—contd.

Telegraphs, and Defence Services—*contd.*

Action taken or proposed to be taken.
The question is being considered.
scheme is under separate consideration, with special reference to the altered financial position
It has been decided that a reduction in water charges is not feasible, as Government have been advised that the existing rates are reasonable and the demand at those rates is also at the maximum.
Reports have been submitted to the Committee, (Appendices XI and XI-A).
A certain number of non radio advertisements are now included in A I R journals and this has resulted in an increase of revenue from advertisements Agents have also been appointed for the sale of the publications at the chief commercial centres
The proposal has been accepted.
different Grants
A report has been submitted to the Committee, (Appendix IX).
It [illegible] Mysore and Hyderabad once a year.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			Civil (Foreign and Political).
38	1929-30 1934-35 1935-36	114-P. .. .. 27-P. 78-P.	That the question of the incidence of Persian Gulf expenditure should be considered.
39	1935-36	76-P.	That Government should examine the question whether the grants made to the Chiefs' Colleges are a legitimate charge on the revenues of the Central Government.
			Civil (Commerce).
40	1935-36	12-R. .. .. 111-P.	That the financial position of the Vizagapatam Port should be thoroughly investigated without delay and that a comprehensive report on the subject should be submitted next year.
41	1935-36	109-P.	That the authorities concerned should consider whether it is necessary to maintain a special fund for replacements and additions as well as a depreciation fund and a general reserve fund for the Lighthouses and Lightships.
			Civil (Home).
42	1935-36	115-P.	That Government should consider the desirability of annexing to each of the Area Demands (such as those relating to Delhi and Ajmer-Merwara) a *pro forma* account showing the expenditure and receipts (of a provincial character) in the year in question.
			Posts and Telegraphs.
43	1935-36	14-R. .. .. 94-P.	That the Accountant-General should examine the possibility of eliminating certain suspense accounts.
44	1935-36	99-P.	That the authorities concerned should consider the possibility of showing the capital expenditure gross and recording the recoveries or credits separately or as receipts and that they should in any case try to devise means of presenting the Accounts and Demands relating to the Posts and Telegraphs Department in a simpler and more intelligible form.
			Defence Services.
45	1930-31 1931-32 1932-33 1933-34 1934-35 1935-36	1-R. 3-R. 2-P. 4-R. 3-R. and 2-P. 2-R. and 2-P. } Military Accounts Committee. ..	That the revision of the Army Regulations be completed as soon as possible.

[illegible]mendations made by the Central Police [illegible] Committee—contd.
graphs, and Defence Services—contd.

Action taken or proposed to be taken.
The question is being considered.
These grants were recently examined and were fixed on a revised scale for a limited period. The question will be reconsidered at the end of that period.
A memorandum on the subject has been forwarded to the Committee, Appendix X.
The question is being considered.
An extract from a memorandum by the Accountant General, Central Revenues, on the subject has been furnished, Appendix [illegible]. In view of the difficulties explained by the Accountant General the Auditor General has recommended, and the Government of India have agreed, that the suggestion should not be pursued for the present.
The budget estimates for [illegible] have been prepared in accordance with these recommendations. The consequential changes in the accounts are now being introduced with effect from that year.
A note has been submitted to the Committee, Appendix XVIII.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and

Serial No.	Year of Report.	Paragraph of Report or Proceedings.		Recommendations or suggestions.
				Defence Services—contd.
46	1932-33 1933-34 1935-36	33-P. 11-P. 3-P.	Military Accounts Committee.	That a further report be submitted next year regarding the scheme for the training of Public Works Department Accountants in work connected with the Military Engineer Services.
47	1934-35 1935-36	18 and 19-P. 18-P.	Military Accounts Committee.	That a further report be submitted next year regarding the overstocking of Royal Air Force stores.
48	1934-35 1935-36	21-P. 5-P.	Military Accounts Committee.	That further information be supplied regarding the actual expenditure involved in the payment to military officers of compensation for inferior quarters and regarding the effects of the "zoning" system.
49	1935-36	4-R. 24-P.	Military Accounts Committee.	That the actuals of past years under "Expenditure in England on the purchase and sale of stores, equipment and animals" should be carefully examined with a view to the possibility of a reduction in future budget estimates.
50	1935-36	5-R. 12-P.	Military Accounts Committee.	That acquittal by a court of law should not necessarily be regarded as exempting a Government servant from suitable departmental action.
51	1935-36	6-R. 28-P.	Military Accounts Committee.	That a further report be submitted next year regarding the measures taken to prevent a rush of expenditure in the month of March.
52	1935-36	14-P.	Military Accounts Committee.	That a further report be submitted next year regarding the disposal of surplus and obsolete stores.
53	1935-36	37-P.	Military Accounts Committee.	That a report be submitted next year regarding the adequacy of the methods of charging the War Office with the pay of officers serving with a lent unit.

mendations made by the Central Public Accounts Committee—concld.

graphs, and Defence Services.—*contd.*

Action taken or proposed to be taken.
A note has been submitted to the Committee. (Appendix XVIII)
A note has been furnished, (Appendix XIX).
A memorandum has been submitted, (Appendix XX)
The recommendation has been brought to the notice of the estimating authorities, and every effort has been made to restrict the provision in the budget for 1938-39 to actual requirements.
The position is accepted by the Defence Authorities.
A report on the subject is contained in paragraph 130 of the Appropriation Accounts of the Defence Services for 1936-37
A memorandum has been furnished, (Appendix XXII)
A note has been submitted, (Appendix XXIII)

APPENDIX II.

Statement comparing expenditure with grants for 1936-37.

Number and name of Grant or Appropriation.		Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation. Less than granted.	More than granted.
		Rs.	Rs.	Rs.	Rs.
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—*contd.*					
16. Customs:					
	Voted .	93,73,000	92,37,098	1,35,902	..
	Non-voted .	*45,55,500*	*45,45,759*	*42,741*	
17. Taxes on Income:					
	Voted .	65,35,000	65,11,471	23,529	.
	Non-voted .	*1,72,796*	*1,72,589*	*207*	..
18. Salt:					
	Voted .	64,08,000	64,17,127	..	9,127
	Non-voted .	*43,59,809*	*43,56,603*	*3,206*	.
19. Opium:					
	Voted .	27,74,000	27,63,263	10,737	
	Non-voted .	*1,18,531*	*1,18,618*	.	*97*
19-A. Excise:					
	Voted .	4,78,000	4,75,205	2,795	..
	Non-voted .	*2,18,348*	*2,17,025*	*1,323*	
20. Stamps:					
	Voted .	17,39,000	16,98,745	40,255	
	Non-voted .	*49,040*	*49,240*	.	*200*
21. Forest:					
	Voted .	5,33,000	5,24,626	8,374	.
	Non-voted .	*1,77,300*	*1,76,082*	*1,218*	..
22. Irrigation, etc.—Charged to Revenue:					
	Voted .	4,07,000	12,03,456	.	7,96,456
	Non-voted .	*2,90,600*	*7,97,526*	.	*5,06,926*
23. Interest on Ordinary Debt, etc.:					
	Voted .	21,59,000	21,50,345	8,655	..
	Non-voted .	*—6,97,000*	*—8,54,264*	*1,57,264*	.
26. Interest on Miscellaneous Obligations:					
	Voted .	71,52,000	71,31,712	20,288	.
	Non-voted .	*11,74,00,387*	*11,71,59,793*	*2,40,594*	.
27. Staff, Household and Allowances of the Governor General:					
	Voted .	4,60,000	4,61,610	18,390	..
	Non-voted .	*10,51,833*	*10,90,569*	.	*38,736*
28. Executive Council:					
	Voted .	1,49,000	1,21,155	27,845	..
	Non-voted .	*4,79,170*	*4,80,125*	..	*955*

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation. Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES.—*contd.*				
29. Council of State :				
Voted .	1,43,000	1,40,753	2,247	..
Non-voted .	*3,700*	*3,240*	*460*	..
30. Legislative Assembly and Legislative Assembly Department :				
Voted .	8,68,000	8,26,859	41,141	..
Non-voted .	*71,910*	*67,595*	*4,315*	..
31. Foreign and political Department :				
Voted .	9,77,900	9,69,780	8,120	..
Non-voted .	*3,93,500*	*3,93,816*	..	*316*
32. Home Department :				
Voted .	7,92,900	7,98,368	..	5,468
Non-voted .	*14,87,339*	*14,84,296*	*3,043*	..
33. Public Service Commission :				
Voted .	2,02,000	2,01,093	907	..
Non-voted .	*2,13,681*	*2,13,668*	*13*	..
34. Legislative Department :				
Voted .	3,33,000	3,31,116	1,884	..
Non-voted .	*1,87,900*	*1,87,500*	*400*	..
35. Department of Education, Health and Lands :				
Voted .	6,12,000	5,84,506	27,494	..
Non-voted .	*2,02,250*	*2,01,794*	*456*	..
36. Finance Department :				
Voted .	10,66,000	10,65,470	530	..
Non-voted .	*2,45,603*	*2,45,676*	..	*73*
38. Commerce Department :				
Voted .	4,13,000	4,12,272	728	..
Non-voted .	*1,33,678*	*1,33,372*	*306*	..
39. Defence Department :				
Voted .	4,25,000	3,95,400	29,600	..
Non-voted .	*87,754*	*88,207*	..	*453*
40. Department of Industries and Labour :				
Voted .	5,47,000	5,23,671	23,329	..
Non-voted .	*1,56,712*	*1,56,758*	..	*46*
41. Central Board of Revenue :				
Voted .	2,08,000	2,11,145	..	3,145
Non-voted .	*1,34,383*	*1,34,294*	*89*	..
42. Payments to Provincial Governments, etc. :				
Voted .	1,56 000	1,58,755	..	2,755
Non-voted .	*66,200*	*66,302*	..	*102*

Number and name of Grant or Appropriation.		Final Grant or Appropriation	Expenditure.	Expenditure as compared with Grant or Appropriation. Less than granted	More than granted
		Rs.	Rs.	Rs.	Rs.
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES.—*contd.*					
43. Audit.	Voted	1,00,93,000	98,97,867	1,95,133	..
	Non-voted	*7,79,000*	*7,77,395*	*1,605*	.
44 Administration of Justice:	Voted	69,000	67,747	1,253	..
45. Police:	Voted	1,81,000	1,83,737	..	2,737
	Non voted	*77,400*	*74,246*	*3,154*	
46. Ports and Pilotage:	Voted	14,66,000	14,70,229	..	4,229
	Non-voted	*8,78,230*	*8,80,811*	.	*2,581*
47. Lighthouses and Lightships.	Voted	9,75,000	9,41,278	33,722	..
	Non-voted	*20,216*	*20,216*	.	..
48. Survey of India.	Voted	21,24,000	19,59,456	1,64,544	
	Non voted	*5,50,800*	*5,45,809*	*4,991*	..
49. Meteorology	Voted	20,06,000	19,40,989	65,011	
	Non-voted	*85,300*	*84,900*	*400*	.
50 Geological Survey:	Voted	2,10,000	1,96,067	13,933	.
	Non voted	*2,24,000*	*2,20,069*	*3,931*	
51. Botanical Survey	Voted	1,29,000	1,32,665	.	3,665
	Non-voted	*32,000*	*31,033*	*967*	..
52. Zoological Survey:	Voted	95,000	95,135	..	135
	Non-voted	*46,903*	*46,942*	.	*39*
53. Archæology	Voted	11,91,000	11,68,603	22,397	
	Non-voted	*1,01,500*	*1,00,853*	*647*	
54. Mines:	Voted	1,27,000	1,33,762	..	6,762
	Non-voted	*95,131*	*94,340*	*791*	.
55 Other Scientific Departments:	Voted	2,56,000	2,55,750	250	.
56. Education:	Voted	6,42,000	6,41,622	378	
	Non voted	*34,428*	*32,939*	*1,489*	
57. Medical Services:	Voted	6,97,000	6,90,146	6,854	.
	Non-voted	*2,22,279*	*2,23,052*	..	*773*

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation. — Less than granted.	Expenditure as compared with Grant or Appropriation. — More than granted.
	Rs.	Rs.	Rs.	Rs.
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES.—*contd.*				
58. Public Health :				
Voted .	7,64,000	7,16,548	47,452	..
Non-voted .	*1,92,441*	*1,90,788*	*1,653*	..
59. Agriculture :				
Voted .	30,43,000	20,20,037	10,22,963	..
Non-voted .	*59,809*	*59,703*	*106*	..
60. Imperial Council of Agricultural Research Department :				
Voted .	8,75,000	8,73,408	1,592	..
Non-voted .	*1,12,618*	*1,12,944*	..	*326*
60-A. Scheme for the Improvement of Agricultural Marketing in India :				
Voted .	4,60,000	4,45,457	14,543	..
61. Civil Veterinary Services :				
Voted .	7,32,000	6,76,211	55,789	..
Non-voted .	*34,600*	*34,241*	*359*	..
62. Industries :				
Voted .	8,37,000	7,63,597	73,403	..
Non-voted .	*2,315*	*2,315*	..	..
63. Aviation :				
Voted .	22,45,000	20,73,461	1,71,539	..
Non-voted .	*12,000*	*12,009*	..	*9*
63-B. Expenditure on the Development of Civil Aviation met from the Fund :				
Voted	1,000	..	1,000	..
64. Commercial Intelligence and Statistics :				
Voted .	5,38,000	5,03,541	34,459	..
Non-voted .	*67,100*	*65,508*	*1,592*	..
65. Census :				
Voted .	1,000	1,886	..	886
66. Emigration—Internal :				
Voted .	15,000	14,473	527	..
Non-voted .	*2,400*	*2,477*	..	*77*
67. Emigration—External :				
Voted .	1,93,000	1,92,008	932	..
			..	*2,902*

Number and name of Grant or Appropriation.		Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation.	
				Less than granted	More than granted
		Rs	Rs	Rs	Rs.
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES —*contd.*					
68. Joint Stock Companies:	Voted	1,29,000	1,27,499	1,501	..
	Non voted	*7,090*	*5,151*	*1,939*	..
69. Miscellaneous Departments.	Voted	12,75,000	12,62,104	12,896	..
	Non voted	*17,717*	*17,716*	*1*	..
69-B Expenditure on the Development of Broadcasting met from the Fund.	Voted	1,000		1,000	..
70. Indian Stores Department:	Voted	20,55,000	20,38,003	16,997	..
	Non-voted	*1,08,000*	*1,05,703*	*2,297*	..
71. Currency	Voted	18,42,000	17,88,127	53,873	..
	Non-voted	*68,160*	*68,591*	..	*431*
72. Mint	Voted	18,81,000	17,82,019	98,981	..
	Non-voted	*84,900*	*83,173*	*1,727*	..
73. Civil Works.	Voted	2,39,95,000	2,34,94,629	5,00,371	..
	Non-voted	*14,98,000*	*14,52,743*	*45,257*	..
74 Superannuation Allowances and Pensions	Voted	1,15,56,000	1,10,40,835	5,15,165	..
	Non voted	*1,77,94,060*	*1,76,78,809*	*1,15,251*	..
75. Stationery and Printing:	Voted	37,55,000	37,97,311	..	42,311
	Non-voted	*40,417*	*40,680*	..	263
76 Miscellaneous.	Voted	8,15,000	8,12,114	2,886	..
	Non-voted	*27,39,729*	*27,16,560*	*23,169*	..
76-A. Expenditure on Retrenched personnel charged to Revenue:	Voted	20,000	19,874	126	..
	Non-voted	..	*7*	..	*7*
76-B. Miscellaneous, Adjustments between the Central and Provincial Governments:	Voted	3,65,14,000	3,89,31,399	..	24,17,39
	Non-voted	*1,01,43,376*	*1,01,43,376*	..	..

Number and name of Grant or Appropriation.		Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation. Less than granted.	More than granted.
		Rs.	Rs.	Rs.	Rs.
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES.—*contd.*					
77. Refunds	Voted .	1,49,00,000	1,49,99,660	..	99,660
	Non-voted .	*3,20,72,977*	*3,17,30,819*	*3,42,158*	..
79. Baluchistan:	Voted .	66,31,000	56,08,284	10,22,716	..
	Non-voted .	*43,96,200*	*43,47,699*	*48,501*	..
80. Delhi:	Voted .	65,89,000	54,22,597	11,66,403	..
	Non-voted .	*2,58,000*	*2,55,995*	*2,005*	..
81. Ajmer-Merwara:	Voted .	16,22,000	16,22,027	..	27
	Non-voted .	*1,05,115*	*1,03,773*	*1,342*	..
82. Andamans and Nicobar Islands:	Voted .	26,76,000	27,04,986	..	28,986
	Non-voted .	*2,05,725*	*2,06,616*	..	*891*
83. Rajputana:	Voted .	4,12,000	4,11,978	22	..
	Non-voted .	*6,65,210*	*6,68,251*	..	*3,041*
84. Central India:	Voted .	3,29,000	3,15,529	13,471	..
	Non-voted .	*6,01,041*	*5,97,427*	*3,614*	..
85. Hyderabad:	Voted .	2,45,000	2,18,277	26,723	..
	Non-voted .	*5,80,283*	*5,85,801*	..	*5,518*
85-A. Aden:	Voted .	6,25,000	6,10,388	14,612	..
	Non-voted .	*3,78,300*	*3,70,609*	*7,691*	..
86. Expenditure in England—Secretary of State for India:	Voted .	21,33,000	20,60,064	72,936	..
	Non-voted .	*17,33,000*	*17,08,551*	*24,449*	..
87. Expenditure in England—High Commissioner for India:	Voted .	26,66,000	25,73,707	92,293	..
	Non-voted .	*28,68,000*	*28,39,513*	*28,487*	..
Ecclesiastical:	*Non-voted* .	*28,58,500*	*28,35,743*	*22,757*	..
Political:	*Non-voted* .	*1,25,30,086*	*1,38,28,232*	..	*12,98,146*
Frontier Watch and Ward:	*Non-voted* .	*1,95,28,002*	*1,94,35,082*	*92,920*	..
Territorial and Political Pensions:	*Non-voted* .	*29,89,016*	*29,37,675*	*51,371*	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation: Less than granted	More than granted
REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—*contd.*	Rs.	Rs.	Rs.	Rs.
Bangalore:				
Non voted	*13,40,560*	*13,33,132*	*7,428*	..
Western India States Agency:				
Non voted	*24,94,000*	*24,91,765*	*2,235*	..
68. Capital Outlay on Security Printing:				
Voted	1,000	−3,062	4,062	
69. Forest Capital Outlay:				
Voted	1,000		1,000	
90. Irrigation Works (Not charged to Revenue):				
Voted	1,000	1,15,501		1,14,501
92-A. Capital Outlay on Schemes of Agricultural Improvement and Research:				
Voted	10,14,000	10,13,354	646	
93. Currency Capital Outlay:				
Voted	1,000	−1,23,027	1,24,027	
94. Capital Outlay on Vizagapatam Harbour:				
Voted	9,93,000	2,07,673	7,85,327	
95. Capital Outlay on Lighthouses and Lightships:				
Voted	1,000		1,000	
96. Commuted Value of Pensions:				
Voted	31,93,000	30,16,575	1,76,425	
Non voted	*18,52,000*	*14,03,422*	*4,48,578*	
96-A. Expenditure on Retrenched personnel charged to Capital:				
Voted	1,000	−4,31,204	4,32,204	
Non voted	*−40,000*	*−40,103*	*103*	
97. Delhi Capital Outlay:				
Voted	23,66,000	20,64,703	3,01,297	
98. Interest Free Advances:				
Voted	79,55,000	81,66,656		2,11,656
A. Loans and Advances bearing interest:				
Voted	3,26,45,000	2,16,43,127	1,10,01,873	
REPORT PREPARED BY THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.—				
23. Indian Posts and Telegraphs Department:				
Voted	10,91,01,000	10,68,67,681	22,33,319	
Non-voted	*94,56,000*	*94,72,354*		*16,354*
91. Capital outlay on Indian Posts and Telegraphs Department.—(Not charged to revenue).				
Voted	48,77,000	46,51,781	2,25,219	
Non-Voted	*3,000*	*626*	*2,374*	

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation. Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
APPROPRIATION ACCOUNTS PREPARED BY THE CHIEF COMMISSIONER, RAILWAYS.—				
1. Revenue—Railway Board:				
Voted .	8,80,000	8,95,213	..	15,213
Non-voted .	*4,88,000*	*4,87,903*	*97*	..
2. Revenue—Audit:				
Voted .	14,50,000	14,41,864	8,136	..
Non-voted .	*2,62,000*	*2,61,582*	*418*	..
3. Revenue—Miscellaneous Expenditure:				
Voted .	12,87,000	12,64,903	22,097	..
Non-voted .	*14,83,000*	*14,65,554*	*17,446*	..
4. Revenue—Refunds:				
Voted .	15,35,000	18,60,032	..	3,25,032
5. Revenue—Payments to Indian States and Companies:				
Voted .	3,48,68,000	3,52,76,927	..	4,08,927
6-A. Revenue—Working Expenses—Maintenance of Structural Works:				
Voted .	8,67,00,000	7,96,32,435	70,67,563	..
Non-voted .	*32,05,000*	*32,00,314*	*4,686*	..
6-B. Revenue—Working Expenses—Maintenance and Supply of Locomotive Power:				
Voted .	16,84,00,000	16,77,32,027	6,67,973	..
Non-voted .	*16,01,000*	*15,94,873*	*6,127*	..
6-C. Revenue—Working Expenses—Maintenance of Carriage and Wagon Stock:				
Voted .	6,19,00,000	5,79,78,702	39,21,298	..
Non-voted .	*8,26,000*	*8,35,007*	..	*9,007*
6-D. Revenue—Working Expenses—Maintenance of Ferry Steamers and Harbours:				
Voted .	28,75,000	28,80,164	..	5,164
Non-voted .	*28,000*	*27,411*	*589*	..
6-E. Revenue—Working Expenses—Expenses of Traffic Deparment:				
Voted .	10,87,25,000	10,83,53,774	3,71,226	..
Non-voted .	*17,79,000*	*17,66,181*	*12,819*	..
6-F. Revenue Working Expenses—Expenses of General Departments:				
Voted .	4,65,25,000	4,63,07,599	2,17,401	..
Non-voted .	*23,04,000*	*23,04,776*	..	*776*

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure	Expenditure as compared with Grant or Appropriation. Less than granted	Expenditure as compared with Grant or Appropriation. More than granted
APPROPRIATION ACCOUNTS PREPARED BY THE CHIEF COMMISSIONER, RAILWAYS,—contd	Rs.	Rs.	Rs.	Rs.
6-G. Revenue—Working Expenses—Miscellaneous Expenses:				
Voted .	4,34,75,000	4,33,41,086	1,33,914	
Non voted .	*13,67,000*	*13,37,593*	*29,407*	
6-H. Revenue—Working Expenses—Electric Service Department.				
Voted	1,19,23,000	1,15,37,310	3,85,690	
Non-voted	*96,000*	*95,707*	*293*	
7. Revenue—Appropriation to Depreciation Reserve Fund.				
Voted .	13,28,00,000	13,15,03,380	12,96,620	
8. Revenue—Interest Charges:				
Voted	2,66,000	2,63,763	2,237	
Non voted .	*30,80,75,000*	*30,78,65,463*	*2,09,537*	
9. Temporary withdrawals from Depreciation Reserve Fund:				
Voted .	2,44,44,000		2,44,44,000	
11. Capital—New Construction:				
Voted	23,60,000	13,420	23,46,580	
Non-voted .	*4,000*	*3,996*	*4*	
12. Open Line Works:				
Voted .	9,92,90,000	8,12,88,422	1,80,01,578	
Non-voted .	*2,00,000*	*1,62,189*	*37,811*	
Discharge of Debentures:				
Non-voted .	*1,16,41,000*	*1,16,34,418*	*429*	

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
APPROPRIATION ACCOUNTS PREPARED BY THE FINANCIAL ADVISER, MILITARY FINANCE.*				
Defence Services—Effective—India—Non-voted	*35,76,60,000*	*35,90,50,000*	..	*13,90,000*
Defence Services—Effective—England—Non-voted	*6.25,42,000*	*6,23,35,000*	*2,07,000*	..
Defence Services—Non-effective—India—Non-voted	*3,65,52,000*	*3,68,36,000*	..	*2,84,000*
Defence Services—Non-effective—England—Non-voted	*4,68,83,000*	*4,68,27,000*	*56,000*	..
Defence Reserve Fund—Non-voted	*26,00,000*	*16,78,000*	*9,22,000*	..
Total .. Voted .	1,22,21,48,800	1,11,58,76,191(A)	11,07,47,180	44,74,571
Total .. *Non-voted* .	*1,10,46,26,812*	*1,10,48,99,746*(B)	*32,90,153*	*35,63,087*
Grand Total . .	2,32,67,75,612	2,22,07,75,937	11,40,37,333	80,37,658

* The figures are *gross*.

(A) This amount is less than that given in Account No. 12 of the Finance and Revenue Accounts of the Government of India for the year 1936-37 by Re. 1 which is due to rounding.

(B) This amount is more than that given in Account No. 12 of the Finance and Revenue Accounts of the Government of India, for the year 1936-37 by Rs. 429 which is due to rounding.

APPENDIX III.

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, No 215-Rep 74-37, DATED THE 31ST MAY 1938.

SUBJECT:—*Appropriation Accounts (Civil) 1936-37 and the Audit Report, 1938*

With reference to paragraph 13 (2) of the Government of India (Commencement and Transitory Provision), Order, 1936 and paragraph 13 of the Government of India, Finance Department letter No D 29-Ref./37, dated the 5th January 1937, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Central Government (Civil) for the year 1936-37 and the Audit Report, 1938, together with two copies of the Commercial Appendix to these documents, prepared by the Accountant General, Central Revenues, for submission to the Public Accounts Committee and for necessary action by the Governor General in Council.

2. Two copies of the accounts of receipts and disbursements of the Secretary of State and the High Commissioner for India on behalf of the Central Government, under the heads other than those relating to Military Services, for the year 1936-37, together with two copies of the relevant Appropriation Accounts, and the reports thereon, prepared by the Auditor of Indian Home Accounts, are also forwarded.

3. The appropriation Accounts and the Audit Report of the Accountant General, Central Revenues, together with the Appendix containing Commercial Accounts, have, as usual, been examined in detail under my instructions and I find them generally to be in order. The only supplementary observation I have to make relates to paragraph 12 of the Important Comments under Frontier Watch and Ward page 381 of the Appropriation Accounts and Report. The comment was drafted in this condensed form so that the volume should not be overloaded with the detail of these important and disquieting irregularities. I am preparing a supplementary memorandum which will supply instances of the irregularities in sufficient detail to enable the Public Accounts Committee to deal finally with this matter at their July session. The state of affairs disclosed by the comments on pages 367-8 and 381 is perhaps the most important individual matter brought to notice in this Report.

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LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE FINANCE DEPARTMENT GOVERNMENT OF INDIA, NO. T. 167-REP./9-38, DATED THE 20TH MAY 1938.

SUBJECT :—*Appropriation Accounts (Posts and Telegraphs Department), 1936-37 and the Audit Report, 1938.*

With reference to paragraph 13 (1) (*i*) of the Government of India (Audit and Accounts) Order, 1936, and paragraph 13 (2) of the Government of India (Commencement and Transitory Provisions) Order, 1936, and paragraph 13 of the Government of India, Finance Department, letter No. D./29-Ref./37, dated the 8th January 1937, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Posts and Telegraphs Department for the year 1936-37 and the Audit Report, 1938, issued by the Accountant General, Posts and Telegraphs, for submission to the Committee on Public Accounts, and for necessary action by the Governor General in Council.

2. The Apporiation Accounts and the Audit Report, have, as usual, been subjected to a detailed examination in my office and I have satisfied myself that they are generally in order. I have no supplementary comments of my own to add.

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE FINANCE DEPARTMENT GOVERNMENT OF INDIA, NO. T. 228-REP./8-38, DATED THE 28TH MAY 1938.

SUBJECT :—*Appropriation Accounts (Defence Services), 1936-37 and the Audit, Report, 1938.*

I have the honour to forward herewith for necessary action two copies of the Appropriation Accounts of the Defence Services for the year 1936-37 prepared by the Financial Adviser, Military Finance, together with two copies of the Audit Report, 1938, prepared by the Director of Audit, Defence Services.

2. I also transmit herewith two copies of the accounts of receipts and disbursements of the Secretary of State and the High Commissioner for India on account of Defence Services for the year 1936-37, together with two copies of the relevant Appropriation Accounts, and the Reports thereon prepared by the Auditor of Indian Home Accounts.

3. It is understood that these documents will, according to the normal procedure, be subjected to a preliminary examination by the Military Accounts Committee before being presented to the Public Accounts Committee.

4. The Appropriation Accounts and the Audit Report have, as usual, been subjected to a detailed examination in my office, and I have satisfied myself that they are generally in order. I have no supplementary comments of my own to add.

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE FINANCE DEPARTMENT GOVERNMENT OF INDIA, NO T 493-REP /8-38, DATED THE 27TH JUNE 1938.

SUBJECT :—*Appropriation Accounts (Defence Services) 1936-37 and the Audit Report 1938*

In continuation of my letter No. T. 228-Rep 8-38, dated the 28th May 1938, forwarding copies of the Accounts and Report mentioned above, I have the honour to forward herewith for necessary action two copies of the Commercial Appendix to the Appropriation Accounts of the Defence Services for the year 1936-37 and the Report thereon of the Director of Audit Defence Services.

2. There is nothing in the Financial Adviser's review or in the report of the Director of Audit, Defence Services, which I desire to qualify and the results of the examination of these commercial accounts may be regarded as satisfactory.

APPENDIX IV.

Note on the transfer of work connected with the Army from the Mathematical Instrument Office.

The Public Accounts Committee at their meeting held on the 26th July 1937, recommended that Government should again examine the question whether the transfer of work connected with the Army which had led to so large a reduction in the receipts of the Mathematical Instrument Office of the Survey of India was in the interests of India as a whole. An inspection was made of the Mathematical Instrument office this spring and the exact extent of its functions along with the degree to which resort could usefully and economically be made of it by the Army authorities has been examined. It is intended when some further information has been secured, to hold a Conference of the Departments concerned to determine the best course of action.

APPENDIX V.

OFFICE MEMORANDUM FROM THE DEPARTMENT OF EDUCATION HEALTH AND LANDS, No. F. 18-23/38-F., DATED SIMLA, THE 16TH MAY 1938

SUBJECT :—*Mathematical Instrument Office Question of allowing it to take work direct from public*

At its meeting held on the 26th July 1937, the Public Accounts Committee suggested that the Government of India should consider the question whether the Mathematical Instrument Office of the Survey of India should not be permitted to take work direct from the public even if that involved entering into competition to some extent with private firms

2. The Government of India have carefully examined this question in consultation with the Surveyor General of India but have come to the conclusion that the departure suggested is neither practicable nor desirable The Government of India presume that the suggestion did not contemplate the actual pursuit of public patronage in competition with the trade but rather the acceptance of individual requests which members of the public might make The first course could not in the Government of India's view be seriously contemplated, as it would depart widely from ordinary practice and the position of the Mathematical Instrument Office as a Service Department In regard to the second, such recourse by the public should be limited to the repair of instruments or apparatus which cannot be done elsewhere in India It should moreover, be undertaken only when the Office is not working to capacity on Government work. If such a restriction were not observed the type of work which the public would be likely to offer to the Mathematical Instrument Office would be largely that which the instrument trade could already carry out efficiently, e.g., the overhaul of binoculars, and the regular acceptance of such work by the Mathematical Instrument Office would lead again to the raising of the general question mentioned above

3. It has been decided, therefore, that the present practice should continue i.e., the Mathematical Instument Office will undertake certain special classes of work for private and local bodies at remunerative rates when the Office is not working to capacity on Government work

APPENDIX VI.

Note on Map Sales.

The Public Accounts Committee at their meeting held on the 26th July, 1937, asked whether any investigation had recently been undertaken with a view to improving the financial position of the Map Sales Department.

2. This has been under consideration for some time. This is a very large subject which has been considered from time to time in the past without, however, any system of sustained effort to promote sales having been hitherto evolved. It must be understood that efforts to create a market and increased sales will themselves involve some extra expenditure. It is the case, however, that a large potential market exists among the general public in India and the revenue derivable from sales in this market would probably result in a net gain to the Central Government.

3. In consultation with the Surveyor General, this matter has been closely gone into under the following heads:

(i) Advertisement.

(ii) Personal contact.

(iii) Reduction in the sale price of maps.

(iv) Agencies.

(v) Office re-organisation.

4. (i) *above*.—Systemetic advertisement is likely to start within the next few months. Experience in the past has shown that even sporadic newspaper advertisement for specific maps has always produced immediate results.

Other action under this head covers the preparation of brochures and folders, display by poster or otherwise in railway stations, restaurant cars, piers, cinema screens, etc.

(ii) *above*.—The experiment of a travelling salesman is under contemplation. The object of this post would be to create a knowledge of the existence of maps, of the kinds of maps, mountings, etc. available in the country. This officer could act also as an Inspector of local agencies.

(iii) *above*. Reductions and concession rates for all maps sold to *bona fide* educational institutions have been brought into force recently.

(iv) *above*. This matter is under consideration and the question of establishing a Sales Depot in Bombay will be studied on the spot next cold weather.

(v) *above*.—As the market expands it will probably be necessary for the Map Record and Issue Office to give up retail issues and deal in bulk with branch depots. The question of suitable organisation is under close consideration.

APPENDIX VII.

Note on Photo Litho Stocks.

The Public Accounts Committee at their meeting held on the 26th July, 1937, desired that the following questions be examined :—

(a) The necessity for and the possible reduction in the 2½ years' reserve of stores maintained in the Photo-Litho Office.

(b) The need for so many imported stores and whether more stores of Indian production could not be used.

2. These points were gone into with the Surveyor General and his officers at Calcutta with the following result.

(a) *above*.—The actual supply carried is not 2½ years, but really 1½ years. This is a consequence of the fact that the Survey of India indents, which are prepared as a whole, and have, therefore, to be made up after the field season is over, are generally despatched in August and the stores received between January and June, much the greater part being taken to stock lists in January, February and March, *i.e.*, at the time the lists are checked, a whole year's indent happens to be on the books. If the new stores were received in April and May, the balances would be less by a year's supply.

Steps are being taken as an experimental measure to base the demand for 1939-40 on the actual indents to be submitted during 1938-39, the indents bearing the instruction that the stores should arrive in India between May and July, 1939. The D. G., I. S. D., is being asked whether he has any objection to the change proposed.

3. *P. L. O. Equipment and spare parts.* These have been examined and divided into the minimum numbers required

(i) for normal replacements,

(ii) for emergency replacements when the source of supply is likely to be closed for considerable periods.

The P. L. O. must carry a supply of the first category. These spares, however, form a small proportion of the non-expendable stores. A large item is Zinc Plates. Here a change from the flat to rotary type of machines has necessitated a different size of plates and consequently a larger proportion of rotary plates then normal has to be indented for while a large stock of flat plates remain in hand which will be gradually absorbed into use for the few remaining flat machines.

A further circumstance is that hitherto no account has been taken of the number of plates in actual use. This covers plates kept standing which contains the image of the map, diagram, etc. The audit review takes no account of such plates. If they are taken into consideration, the ratio of plates in store to plates in use is very small, only 11½%.

4. *Paper—Stock situation.*—The stock situation about paper is worsened by the fact that the P. L. O. has had in stock for a good many years (without

turn-over) 78 reams of Japanese paper and 250 reams of linen backed paper, total value nearly Rs. 30,000. This paper was laid in for the Army who require a constant supply of large numbers of maps for mobilization stocks (for which they pay on delivery) and as a reserve for war. The linen-backed paper is obsolescent partly on account of the installation of a map mounting machine, which backs the maps with cloth after printing, and partly on account of the probable introduction of a new type of paper which does not require a cloth-backing. The use of this latter paper is under consideration by the Army but protracted trial is necessary and no decision can be taken in a hurry. In the meantime, the existing stocks of these papers must continue to be held. They are in good condition and if not required for military purposes, will be gradually disposed of in printing other classes of maps or by sale. The remaining stocks of papers are regularly turned over and cannot be considered at all excessive in view of the immense amount of paper required at the outset in war, and the impossibility of obtaining suitable map printing paper in India. One year's war supply of paper for field units alone is valued at between 1 and 2 lakhs of rupees, and at the same time the consumption in the Calcutta and Dehra Dun reproducing offices will rise much above the normal. In the 1914-18 war, our numerous indents were complied with from 9 to 14 months later than the normal. It is considered therefore that the present stocks are quite likely to be within the danger limit.

It may be pointed out that paper forms by far the largest item in the P. L. O. Store Account amounting as it does to 72 per cent. of the total (in 1935-36*).

5. (*b*) *above. Purchase in India.*—It is of the greatest interest to obtain as many as possible of the stores in India, instead of importing them, and thereby to avoid the risk of running short when the demand increases and the supply is cut off as in time of war. Endeavours have ben made and will continue to be made to obtain the stores through the Indian Stores Department in India and by local purchase. Of recent years a number of chemicals have been obtained in India, which previously had to be imported. Local purchase is, however, of little value to India and uneconomical to Government if the articles purchased are imported by a trading firm and not manufactured in India. It has in any case been found difficult to induce importers to enter into contracts in advance and it is feared that they do not hold adequate stocks even for normal requirements still less for times of emergency. Very few (less than 9%) of the stores required in the Photo-Litho Office are actually manufactured in India.

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* 70·5 % in 1936-37.

APPENDIX VIII.

Statement showing the staff employed in the Indian Pilgrimage Section of the British Legation, Jeddah.

1 Indian Vice Consul	(Permanent)
1 1st Pilgrimage clerk	
1 2nd Pilgrimage clerk	
2 Messengers	
1 Sanitary orderly	
1 Indian Medical Officer	
2 Indian Dispensers	
1 Indian Dispenser	
1 Dresser	(Temporary)
1 Sweeper	(Permanent)

Besides the above establishments, annual sanctions have been accorded to the entertainment of the following temporary medical establishments in connection with the Haj Pilgrimage work for some years in the past and the sanction has been repeated for the Haj Pilgrimage of 1937-38 also :—

1 Doctor (Sub Assistant Surgeon)	For 3 months
1 Compounder	Do
1 Servant for work at Jeddah	For 6 months.
2 Servants for Mecca and Jeddah	One for 3 months and the other for 22 weeks.
1 Sweeper	For 12 months

In addition to the staff referred to above there is a standing sanction of £156 per annum on account of temporary staff which may be engaged annually by the Minister locally in connection with the Haj Pilgrimage Season.

APPENDIX IX.

Report on the Revenue and financial Administration of Government lands and Buildings in New Delhi, under the administrative control of the Chief Commissioner, Delhi.

The Control of Government lands, buildings and other property in New Delhi under the Delhi Administration vests in the following :—

(i) The Provincial Circle of the Central Public Works Department under the control of the Superintending Engineer Delhi Province

(ii) The Land and Development Office, also under the control of the Superintending Engineer, Delhi Province

The lands and properties administered by the Provincial Circle are governed by the procedure prescribed in the Public Works Department and Public Works Account Codes and no revision of existing arrangements seem necessary. No special staff is engaged for the realization of revenue. The work is carried out by the clerical staff in the Accounts Branch of the Divisional Office under proper executive control

2. The properties under the control of the Land and Development Office are not however subject to the system prescribed for the Public Works Department. The bulk of the revenue is derived from sales of leases and from the connected ground rent. The other items of revenue are (i) premium on temporary leases; (ii) sale of rights to cut grass or of grazing rights in unoccupied areas; (iii) sale of surplus trees, bushes etc.; (iv) royalty on stone and rod Bajri in Government quarries, and (v) cost of plans sold to private persons and bodies showing the standard designs of buildings

3. The entire property under the control of the Land and Development Office is shown on maps maintained for the purpose which distinctly indicate the lands leased, sold or unoccupied. When any plots of lands are to be sold or leased, auctions are held under the supervision of the Land and Development Officer. Auction lists are prepared in duplicate on the spot and signed by the Land and Development Officer. One copy of the auction lists is submitted for the approval of the Chief Commissioner. On [illegible] approval the names of the accepted lessees are brought on to personal ledgers, one folio being allotted to each lessee. The premium is recovered in one [illegible] sum, in advance, in which is adjusted the amount representing a fixed [illegible] of the premium received at the time of auction from the successful bidder. The lease or agreement to lease is executed after the premium has been received in full. The realizations are credited into the Imperial Bank on chalans in triplicate. The original part of the chalan is sent by the Bank to the Land and Development Officer, who posts the receipts in the register personal ledgers as also in the statement showing assessments and recoveries. [illegible] current realizations are watched through them and there is no likelihood of the recovery of Government dues being lost sight of. Bills are issued half yearly in July and January each year when the ledgers maintained are reviewed by

the officials concerned. Ground rent for broken periods between the date of commencement of a lease and the 15th January or 15th July next whichever falls first is recovered in a lump sum in advance. As soon as the accounts of a month have been compiled in the Office of the Accountant General, Central Revenues, he sends an intimation of the recoveries as booked by him in a prescribed form The figures as intimated by the Accountant General, Central Revnues, are verified with the help of the original copies of chalans, statement of assessments and recoveries, the personal ledger, and the Register of Miscellaneous Receipts.

4. Permanent transfers of land or property to other than private bodies are made with the sanction of the Government of India and the full cost thereof, if recoverable. is recovered in one instalment. The maps maintained are completed to show that the property has been transferred.

5. In the case of revenue from temporary leases, sale of grass and grazing dues etc.. the recoveries are always made in advance.

6. The Public Works Department Divisional Offices as well as the Land and Development Office are subject to inspection by the Audit Staff of the Accountant General, Central Revenues.

7. Recoveries from contractors on account of the supply of stone and Bajri are made in advance at a fixed rate, 0-8-0 per 100 cubic feet. A permit is then issued to the contractor and it is the duty of a whole time Quarry Surveyor to see that the contractor does not remove any material in excess of the quantity specified in the pass. The space to be quarried is marked for each contractor and the possibility of an excess quantity being removed does not ordinarily arise. This is further controlled by making the passes valid for specific periods as well as for a specified number of workmen.

8. In regard to the income derived from the sale of plans, an account of the cost of plans sold is maintained in a register in the form which has been accepted in audit. The amounts actually realized on this account as also on the other items of revenue mentioned above are noted in a Register of Miscellaneous Receipts.

9. A list of arrears is forwarded whenever necessary to the Collector, Delhi, for necessary action under the Punjab Land Revenue Act, and a writ of demand is generally issued. The cases of those who fail to pay even on the issue of such writs of demand are referred to the Chief Commissioner for orders.

10. In the case of the Land and Development Office, as in the Provincial Circle, Central Public Works Department, no special staff is engaged for the realization of revenue. The work is carried out by the clerical staff under the supervision of the Land and Development Officer. The checks described above enable an adequate watch to be kept on all recoveries and the existing arrangements seem satisfactory.

11. A building inspector and a number of surveyors are employed to report encroachments and to see that buildings are constructed in accordance with the conditions of lease agreements. Deviations from the conditions of lease

agreements are occasionally permitted in cases in which they are considered unobjectionable. Additional recoveries from the lessees are now made on a certain scale in such cases, and the question of settling a definite policy in this matter is under consideration with the Government of India. The Superintendent of the Land and Development Office is responsible for checking encroachments connected with religious buildings other than those in the charge of the Archæological Department.

Report on the Revenue and financial administration of residential and non-residential Government buildings in New Delhi in charge of the Central Public Works Department.

Rent for residential buildings allotted to Government servants is assessed and recovered in accordance with Fundamental Rule 45 A while the rent for residences allotted to non-officials or for non residential buildings allotted to commercial departments is assessed on the basis of Fundamental Rule 45 B.

2. The rules for allotment of Government residences to officials are embodied in the Supplementary Rules. Allotment to a non-official of any vacant residence is ordinarily made only if a Government servant is willing to stand surety for him.

3. The Rent Office, Central Public Works Department, New Delhi is responsible for the assessment and recovery of rent of all residential and non-residential buildings in New Delhi and Delhi the allotment of which is made by the Estate Officer, while the Divisional Officers in charge of the buildings are responsible for the direct recovery of

(i) the cost of articles of furniture and fittings found short or damaged if payable by tenants

(ii) the amount recoverable from H. E. the Commander in Chief for electric and water charges.

4. The immediate charge of the Rent Office vests in an officer of the Chief Engineer's staff designated "The Rent Officer". This officer is treated as a Divisional Officer within the meaning of paragraph 30 of the Public Works Account Code. He is responsible to the Chief Engineer for the general supervision of the office, and for assisting him in framing proper instructions defining generally the responsibilities of the various members of the staff of the office, the general procedure to be followed in carrying out the work promptly and economically, the various checks to be employed to ensure the accuracy of the work. The Rent Officer is assisted in the discharge of his duties by a Divisional Accountant, who is under the administrative control of the Accountant General, Central Revenues, and is borne on the cadre of Divisional Accountants of the latter's office. The Accountant's duties and responsibilities are as defined in paragraphs 93 to 103 of the Public Works Account Code, and in the instructions prescribed by the Chief Engineer.

receipts realised during the first few years of its working were considerably less than the original estimates, as will be seen from the following figures :—

Year.	Estimated gross receipts.	Actual gross receipts.
	Rs.	Rs.
1930-31	19,19,000	..
1931-32	gradually increasing	..
1932-33	as the trade of the	..
1933-34	port improved.	..
1934-35		8,23,353
1935-36		11,25,311
1936-37		10,81,568
1937-38		15,31,758

It should be mentioned that the Railway Project is now paying 7 to 8 per cent. interest on a capital expenditure of Rs. 4,92 lakhs, and its net earnings, including traffic brought to the main line, in 1936-37 were about Rs. 35 lakhs.

4. The annual financial results of the port since its opening are shown in the following table. The figures in this paragraph do not include interest charges or any provision for repayment of capital. It will be observed that it has shown a small surplus for the first time in 1937-38.

Year.	Receipts.	Expenditure.	Deficit (—) Surplus (+).	Grant-in-aid by Government.
	Rs.	Rs.	Rs.	Rs.
1934-35	8,23,353	12,94,092	—4,70,739	2,00,000
1935-36	11,25,311	13,80,074	—2,54,763	50,000
1936-37	10,81,568	14,83,083	—4,01,515	2,50,000
1937-38	15,31,759	15,00,088	+31,671	*Nil*

Mr. Lilley had estimated that the results in the next three years would be as follows :—

Year.	Receipts.	Expenditure.	Deficit (—) Surplus (+).	Grant-in-aid needed.
	Rs.	Rs.	Rs.	Rs.
1938-39	14,64,000	15,66,000	—1,02,000	1,02,000
1939-40	15,38,000	15,96,000	—58,000	58,000
1940-41	16,09,000	16,08,000	+1,000	*Nil*

With reference to this forecast and the preceding table of actual results, it may be explained that it was originally estimated for the year 1937-38 that there would be a deficit of Rs. 3,86,000 and that even in the revised estimate for that year a deficit of Rs. 1,62,000 was still expected. Mr. Lilley's estimate was based on this last assumption. The fact that the year ended with a small surplus and that receipts were more and expenditure less than anticipated in the revised budget, affords reason for believing that the forecast for the next 3 years has been framed on a conservative basis. It is not possible to forecast the future position with absolute accuracy on the basis of the figures of past years, or even on the results of 1937-38, as the expenditure was inflated owing to some of the staff being on high temporary rates of pay, which have been and are being reduced as permanent posts are being created to replace temporary ones. Moreover, receipts had not reached any point of stability. It may also be noted that certain new items of trade have offered in recent months. In fact,

shipments of salt to the port of Vizagapatam have already commenced and the port may in future be used as a bunkering port by ocean-going vessels belonging to the Brocklebank, Hansa and Scindia Lines. There is, therefore, reason to hope that the port will increasingly attract fresh trade which will enable its revenue to expand steadily and the Government of India believe that on the present basis of accounting and with reasonably good general economic conditions, the port can show an increasing surplus on its ordinary working.

5. It is necessary, however, to draw attention to two factors which may result in the position improving at a rather slower rate than the considerations advanced in the previous paragraph would suggest. The first is that it is not clear whether full provision is at present being made to meet essential depreciation charges. The matter is under consideration in consultation with the Administrative Officer who is of opinion that, on the basis of the procedure followed at other major ports, full depreciation is being provided. It is possible, however, that a somewhat larger contribution may have to be made to the Depreciation Fund. The amount involved is not, however, likely to be so large as to alter materially the conclusion that the port should continue to show a surplus on its ordinary working.

6. The second of the factors referred to above is that as a result of the Conference between the port authorities and the Departments of Government concerned it has been decided that expenditure on three new works should be charged to revenue instead of to capital. These three works are (i) the provision of additional bunkering facilities at a cost of Rs. 82,000 (ii) the extension of the existing water supply scheme at a cost of Rs. 50,000 and (iii) the removal of the rock spit on the south side of the Entrance Channel at a cost of Rs. 51,000. It is considered that by the adoption of this procedure the port authorities will have the utmost inducement to increase their revenue and reduce their expenditure so as to be able to continue to show a surplus on the ordinary working of the port. It is possible, however, that on account of this debit the revenue fund of the port may show a deficit at the end of the year, but this deficit, if it materialises, should not be regarded as a proof of loss on its ordinary working unless the amount of the deficit is greater than the cost of these three works. Should the deficit materialise, the Government of India are prepared to make a grant-in aid under the head "30—Ports and Pilotage" to meet it but this grant in aid will not be regarded as part of the capital outlay of the port and the port funds will be required to repay it in future years, without interest, from revenue. It is hoped in this way to avoid any increase of the capital outlay on the port and to keep down to a minimum the burden of interest which the port will eventually have to face.

7. It may be mentioned here that at the Conference referred to it was also decided that no further capital expenditure should be incurred on the port unless it can be shown either to be definitely remunerative or to be absolutely essential for the interests of the port. Expenditure on the following items which were originally included in the capital programme has accordingly been indefinitely postponed :—

	Rs
(a) Construction of a main office building	1,45,000
(b) Construction of staff quarters	1,80,000
(c) Provision of an additional dredger	13,00,000

This decision has enabled a sum of Rs. 2,82,000 to be surrendered to the Finance Department from Demand No. 76—Capital Outlay on Vizagapatam Harbour for the year 1938-39 thereby reducing it from Rs. 3,86,000 to Rs. 1,04,000.

8. From the foregoing review of the financial position of the port, it would be unwise at the present moment, when there is every prospect of the port being able to meet its ordinary working expenses and depreciation charges, even though no repayment of interest or capital can be made, to consider the question of closing it down and thereby wasting the capital invested in it. Moreover, the combined Railway and Harbour Scheme has led to economic readjustments in the port's hinterland, to the undertaking of commitments by various commercial and industrial firms and to increased facilities for business generally which must be reflected in the profits of business concerns and consequently in the general welfare of the people. The fact that during the year 1937-38, 6,91,509 tons of export cargo and 32,669 tons of import cargo were handled at the port illustrates the importance which the port has come to assume in the economic life of the Eastern and Central parts of the country. It is evident that the closing of the port would have very much wider repercussions than may appear at first sight. The question cannot be considered merely from the point of view of showing a saving in the particular heads of the budgets, concerned. The closing of the port would result not only in loss of revenue to the railways and loss of general revenue to Government but would be a retrograde step in the development of India's economic activities.

9. In conclusion, it may be observed that the suggestion at the last meeting of the Public Accounts Committee, that it might be desirable to consider the possibility of handing the port over to the Railway to work purely as a railway port was examined at the Conference already referred to, but in view of the decision that there was a prospect of the port being able in the near future to cover more than its ordinary working expenditure, the suggestion was not further pursued. If experience of the next two or three years shows that the Port is not in a position to meet its expenditure, much less to pay any interest on the capital invested and can only continue to function with grants-in-aid from Government, the question of the Railway Department taking the port over will have to be considered more fully. The question of comparative Railway rates from stations in the Central Provinces to Vizagapatam and Calcutta referred to in paragraphs 11 and 12 of Mr. Lilley's memorandum was also discussed in the Conference held last year and action where necessary will be initiated by the Administrative authorities of the Port for the removal of any anomalies that may exist by representations to the authorities of the Railway concerned. The Central Government are of opinion that, having regard to the considerations set forth in the previous paragraphs, neither the question of closing the port nor that of handing it over to the Bengal Nagpur Railway should be pursued for the present.

APPENDIX XI.

Report on the staff employed in the Central Public Works Department.

In paragraph 6 of their Report on the accounts of 1935-36, the Public Accounts Committee expressed the desire that Government should investigate whether the staff employed in the Central Public Works Department was not unnecessarily large and submit a report to them on the subject. The reason why the Committee felt that the Department might be overstaffed was because there had been savings during 1935-36 amounting in all to about 30% of the original budget estimates for works.

2. It may be explained in this connection that the temporary staff to be employed in any particular year is fixed on the basis of the amount which the Public Works Department is expected to spend during the year and not on the total amount budgeted for works, which in several instances includes the cost of immature projects put into the budget without consulting the Public Works Department authorities beforehand as to whether the amounts provided can actually be spent or not. It follows that any savings which accrue as a consequence of the inclusion of immature schemes in the budget cannot be taken into account for the purpose of effecting a reduction in the temporary staff to be employed. It is not also possible to effect reductions in the staff in exact proportion to any reduction in expenditure. Steps are, however, taken as explained below to adjust the staff according to actual requirements on the basis of anticipated expenditure. Sanction to the employment of temporary establishment is accorded from year to year after a careful scrutiny in the Labour and Finance Departments of the necessity for the staff proposed to be employed. Arrangements have been made to secure closer budgeting by the inclusion of a secondary list of works in the budget, as recommended by the Committee last year to which savings if any from the primary list can be diverted. Instructions have also been issued that Departments should ascertain beforehand from the Department of Labour that expenditure can be incurred on a work during the ensuing financial year before provision is made for it in the budget. It is hoped that these arrangements will secure closer conformity in future between the basis for estimating the staff required and the total amount actually included in the budget for civil works.

3. The superior staff in the Central Public Works Department comprises a Chief Engineer, 4 Superintending Engineers (2 permanent and 2 temporary) and 16 Divisional Officers (9 permanent and 7 temporary) (excluding the post of Engineer Officer in the Civil Aviation Directorate) distributed as shown in the Appendix. In fixing the permanent strength of the Department in 1930 at 1 Chief Engineer, 2 Superintending Engineers and 6 Divisional Officers (Executive Engineers), no allowance was made for construction works of any magnitude. The intention was to maintain what might be described as a permanent skeleton staff for minor works and repairs and

for a modest programme of new construction work. For construction works of special magnitude whether in Delhi or elsewhere, it was contemplated that special temporary staff should be employed in accordance with the actual needs. Of the six permanent divisions, 4 were intended for Delhi and Central Works in the Punjab, 1 for Simla and 1 for Dehra Dun and Central Works in the United Provinces. In 1933, two posts of Superintending Engineer in Rajputana and Central India were abolished on the transfer of the control of Public Works in these areas to the Central Public Works Department, and two permanent Divisional posts were added to the cadre of the Central Public Works Department to cope with the normal additional work transferred to the Department. Two more divisional posts were added subsequently on the transfer of the Public Works Department establishment employed on the Viceregal Estates to the Central Public Works Department and the creation in 1935 of the post of Engineer Officer in the Civil Aviation Directorate to advise the Director of Civil Aviation on technical engineering problems connected with the development of Civil Aviation. The number of permanent administrative posts, however, remains the same as before, and there has been no increase in the permanent Divisional staff in Delhi although the number of Government quarters excluding menials' quarters maintained by the Central Public Works Department has increased from 2,320 in 1929 to 4,179 in 1938.

The four permanent Delhi Divisions have been each spending on an average Rs. 9·1 lakhs per year during the last four years as against an anticipated annual expenditure of Rs. 8 lakhs per Division when they were first constituted. The annual works outlay in each of the remaining four outlying Divisions has practically remained constant at between Rs. 5 to 6 lakhs per Division and, owing to special local features and their geographical situation, it would be administratively impossible to amalgamate any of them in any other Divisional charge.

4. In addition to the Superior engineering establishment referred to in the previous paragraph, there are the following permanent superior specialist posts in the Department :—

(*a*) 1 Consulting Architect,

(*b*) 1 Architect,

(*c*) 1 Electrical Engineer,

(*d*) 1 Superintendent, Horticultural Operations.

(*a*) and (*b*). Government have a special interest in the proper lay-out of New and old Delhi and the development of these cities on sound architectural lines. The duties of the Architects, therefore, include besides the preparation of designs for buildings to be constructed by Government, the scrutiny of plans of private buildings constructed in New Delhi from an architectural point of view and the giving of advice where necessary to the Delhi Improvement Trust regarding the suitability of lay-outs and designs of new buildings.

(c) One post of Electrical Engineer on an Executive Engineer's scale of pay for the whole Department cannot be considered an extravagance in view of the large number of offices and residential buildings of which the electrical installations have to be looked after.

(d) That Government of India are satisfied that the Superintendent, Horticultural Operations, is fully engaged in the maintenance of the gardens attached to the numerous Government buildings, lawns and parks in Delhi and New Delhi.

5. The Government of India have considered afresh the necessity for the permanent staff referred to above and have come to the conclusion that [illegible] tments in [illegible] rks ahead [illegible] designed.

6. For construction works of special magnitude, a special temporary Construction Circle with 2 Divisions was in existence till the 1st April 1937. The actual expenditure on construction works during 1936-37 amounted to Rs. 26·44 lakhs. In view of the reduction in the construction programme during 1937-38, it was found possible to abolish this temporary Circle with effect from the 1st April 1937 and to retain in its place only one temporary construction division in Delhi which carried out construction works costing Rs. 5·57 lakhs during 1937-38. The Division had to undertake in addition the preparation of preliminary plans and estimates for certain large schemes. It will undertake during the current financial year works costing Rs. 12·4 lakhs, viz., the Reserve Bank Building at Lahore, the extension of the South Block, Delhi Secretariat, additional residential accommodation and Press quarters in New Delhi, etc. The cost of maintaining this temporary Division during 1937-38 was Rs. 63,047 against Rs. 4·22 lakhs the cost of the Construction Circle during 1936-37 inclusive of *pro rata* direction charges.

7. For reasons of administrative convenience it was decided to create with effect from the 1st April 1937 a Circle for the Delhi Province to deal with all engineering projects which come within the administrative control of the Chief Commissioner, Delhi. This Circle comprising two permanent Divisions, viz., the Provincial and Services Division and two temporary Divisions although manned by staff from the Central Public Works Department is under the direct administrative control of the Chief Commissioner. The [illegible] disposal schemes at a total estimated cost of Rs. 24·19 lakhs during the current financial year. The total outlay on works executed by the Delhi Provincial Circle during 1937-38 was Rs. 46·2 lakhs. It may be explained here that, but for the reduction in the programme of major building works and the consequent abolition of the Construction Circle, it would have been necessary to appoint extra temporary staff for the Delhi Provincial Circle. The reduction in the total outlay on building works has thus been offset by the addi-

tional outlay on new schemes connected with the Improvement Trust, City extension, anti-malarial work and sewage disposal.

8. The remaining superior temporary staff in the Central Public Works Department consists of 1 Superintending Engineer and 4 Divisional Officers with headquarters at Delhi, Bombay, Calcutta and Karachi for carrying out the Civil Aviation Capital Works programme. In 1935, it was decided to create a special fund of Rs. 92·57 lakhs for carrying out an extensive programme of Civil Aviation Capital Works all over India and Burma. It was felt that it would be a great advantage if the works portion of the programme amounting to about Rs. 57·2 lakhs were to be entrusted to the agency of the Central Public Works Department which could remain in close and constant touch with the Civil Aviation Directorate. Under this arrangement, the payment of heavy departmental charges to provincial Governments could be avoided and much of the delay and difficulty attendant upon the entrustment of works to provincial agency obviated. In view of the scattered nature of the works it was not feasible to reduce the number of Divisions below 5 or to include any of the five additional division (including one for Burma) in any of the three existing circles of Superintendence and it was accordingly decided to create a temporary circle under a Superintending Engineer who could work in close co-operation with the Civil Aviation Directorate. This Circle came into existence on the 14th February 1935. It was orginally anticipated that the Capital Works Programme could be finished in 2½ years. The preparation of the various projects took some considerable time. There were also unforeseen difficulties at the start which delayed progress. These difficulties have now been overcome and work is progressing satisfactorily. The budget provision for 1938-39 under this head is Rs. 22·71 lakhs which is the balance available out of the amount originally funded for the purpose. It is expected that the entire programme will be worked out and practically completed during the course of the present year. The Aviation Divisions, in addition to doing their regular work, undertake such other work as can be found for them in the vicinity although it is true that they can undertake more. The Bombay and Calcutta Divisions are expected however to carry out during the course of this year other major works costing more than Rs. 6 lakhs while the Karachi Division is taking in hand works in Jiwnri on behalf of Imperial Airways at an estimated cost of Rs. 4½ lakhs ; the departmental charges realisable, *viz.*, Rs. 78,000 would be sufficient to keep the whole division going for a year. The works in Jiwnri are expected to be completed in about 9 months' time. While it will probably not be possible to reduce the number of Divisions owing to the scattered nature of the works and their urgency, the question of reducing establishment in the divisions where works are nearing completion is under consideration and certain temporary staff has already been reduced. Other possibilities of making use of these temporary divisions by taking over as many works as possible from provincial agencies are being explored. The Chief Engineer has been asked to review the whole position and report the result to the Government of India not later than the 1st of September 1938.

9. It may be explained in this connection that the actual outlay on works is by no means the only criterion for fixing the staff required by the

Department. The Committee will be interested to hear that during the last two years the Central Public Works Department has had to work out schemes to the total value of about ¾ of a crore of rupees which for some reason or other have not yet materialised or have been held in abeyance. A great deal of time and labour had to be spent in the preliminary investigation of these projects and in the preparation of plans, designs and estimates. The cost of this work valued on a commercial basis cannot be less than Rs. 2 lakhs. Although this work is not reflected in the figures of expenditure on works, it is obviously impossible to ignore it in determining the strength of the cadre.

10. It would be useful in this connection to compare the percentage of establishment costs to the works outlay of the Central Public Works Department with that of a Province which has practically the same superior staff, viz., the Communications and Buildings Branch of the Bengal Public Works Department. The controlling staff in both cases consists of 1 Chief Engineer and 4 Superintending Engineers while the number of Divisional posts is 12 in the case of Bengal and 16 in the Central Public Works Department including the 7 temporary divisions. The percentage of establishment costs to works outlay on the basis of the budget figures of 1938-39 amounts to 15·03 in Bengal against 14·37 in the Central Public Works Department. Considering the large area to be covered and the scattered nature and urgency of the works and the enormous volume of estate and revenue work, the organization in the Central Public Works Department cannot be regarded as fixed on uneconomical lines.

11. Regarding the qualifications of the staff which the Committee have commented on and referred to in paragraph 67 of their report, it might be stated that recruitment to the Central Engineering Service Class I, is made by (a) the transfer of Indian Service of Engineers officers from provinces, (b) open competitive examination held by the Federal Public Service Commission and (c) promotion of suitable officers from the lower ranks with the concurrence in each case of the Commission. All the superior administrative posts are at present manned by Indian Service of Engineers officers. The Divisional and sub-Divisional posts are held by either Indian Service of Engineers officers or officers of the Central Engineering Service Class I. Temporary vacancies in sub-divisions are generally filled by the promotion of experienced subordinates.

12. The Committee suggest that the work connected with Civil Aviation and public health is of a specialised nature. The Government of India are satisfied that much of this work is of a kind undertaken every day by the ordinary engineer. The designs of some of the more important works, however (e.g., the outfall sewer and the gravity duct connected with the new sewage disposal schemes), are prepared by the Superintending Engineer, Health Services, who is a specialist officer. Acting under his advice, all sanitary works are executed by the ordinary Public Works Divisions. This practice which has been in vogue since the construction of the new capital works at

Delhi was started has proved quite successful and is undoubtedly more economical than the maintenance of special Divisions for the purpose.

APPENDIX

I Circle.	II Circle.	Delhi Provincial Circle.*	Aviation Circle†
Dehra Dun Division ..	New Delhi 'A' Division	Provincial Division	Delhi Aviation Division.
Indore Central Division	New Delhi 'B' Division	Services Division	Bombay Central Division.
Construction Division‡	Simla Central Division Ajmer Central Division Viceregal Estates Division.	Special Division No. I‡ Special Division No. II‡	Calcutta Central Division. Karachi Central Division.
	Specialist posts treated as Divisional charges.		
Horticultural Division	Electrical Division	....	....

* The post of Superintending Engineer, Delhi Provincial Circle, is temporary, sanction to which expires on 1st March 1939.

† The whole circle including the divisions is temporary, sanction to which expires on the 1st March 1939.

‡ Temporary Divisions : present sanction expires on the 1st March 1939.

APPENDIX XI-A.

Report regarding the purchase of stores by the Central Public Works Department.

In paragraph 116 of their Report on the accounts of 1935-36, the Public Accounts Committee desired that a report should be submitted to them on the subject of the purchase of stores by the Central Public Works Department. The Committee were under the impression that stores are purchased on the basis of a larger programme of capital works than is actually carried out, thus resulting in the unnecessary and avoidable accumulation of stores.

2. Stores or stock which are required for ordinary work are not ordered until it has been sanctioned, funds for its execution have been allotted and the work has been put in hand. In a number of cases, contracts for works are given out on lump sum and all materials required therefor are provided by the contractors themselves. In certain Public Works Department Divisions, however, small quantities of stock are maintained but their value depends more on the nature of the work and the difficulty or otherwise of obtaining stores quickly than on the value of the work to be done, as only such [illegible]

on page 231 of the Appropriation Accounts for 1936-37, the Accountant General, Central Revenues, has mentioned that the material held in stock in the Department was reduced from Rs. 68,914 to Rs. 26,033 during 1936-37 (as compared with the reserve limit of stock of Rs. 1,12,700 fixed for that year) and that the closing balance (Rs 26,033) shows a satisfactory reduction. It may be added that the reserve limit of stock in the Central Public Works Department is being steadily lowered. This is evidenced by the following figures :—

Year.		Reserve limit of stock.
		Rs.
1932-33	..	4,54,000
1933-34	..	3,19,000
1934-35	..	2,33,000
1935-36	..	1,34,000
1936-37	..	1,12,700
1937-38	..	71,600

3. The Committee will observe, therefore, that the Central Public Works Department are not purchasing stores in excess of normal requirements.

APPENDIX XII.

EXTRACT FROM A NOTE OF THE CONTROLLER OF PRINTING AND STATIONERY, INDIA.

** ** ** ** ** ** **

As far as I could understand from your note on the subject, it seems that you are anxious to know why large variations as between the budget provision and the final appropriations were needed. It would, therefore be necessary to give you an idea of how the budgets of the S and P Department are framed and what are the factors which operate to upset same or render it impossible to budget with moderate accuracy For this purpose I will select the budget heads under 'Purchase of Stores' as this would fully illustrate our difficulties in the matter.

The budget estimates for the purchase side of the Stationery Office are framed on the valuation of the quantity statements passed by Controller The quantities represent the estimated requirements for the year in question based on the average of the past three years' actuals with such modifications as the estimates from the Railways and other special departments or any other cognate matters would warrant. The valuation is made on the prices ruling at the time, i e, in September of each year preceding the financial year for which budget estimates are framed. On the settlement of the actual contracts any variations in the budget provision due to fluctuation in prices are communicated to the Finance Department for necessary provision The provisions for the local Governments are determined by each local Government and communicated to the Stationery Office for incorporation in the annual requirements Such budget provisions go [illegible] grant is a net one allo [illegible] such as the Army, Railways, P. and T., etc. [illegible] to forecast with any degree of precision their requirements for any particular year and any variation in their demands automatically upset our budget provision. Similarly any variations in the requirements of the Provincial Governments for which additional provisions are made by the local Governments in the course of the year upset our budget provision as the S and P budget does not get any benefit of the extra provisions made by the local Governments although provisions for Stores have got to be made to meet local Governments' requirements and to obviate their extra grants being lapsed.

Now I proceed to discuss the figures in detail for the year 1936-37

C.—Stationery Stores.			Modified grant.
C-1 (1) Paper	O	22,00,000	
	S	2,12,000	
	R	4,91,843	[illegible]

It has now to be explained [illegible]
original grant. In the firs [illegible]
head for the year 1935-36 were [illegible]
lakhs. Such extra issues had partially been met by reappropriation and by

lowering the stock balance at the close of the year. The supplementary grant was needed to meet the extra requirements of the Provincial Governments of which details are set forth below for the years 1935-36 and 1936-37.

	Issues at cost price. 1935-36.	1936-37.
Bengal..	6,51,275	8,17,333
Punjab	4,85,801	4,97,143
U. P.	1,96,043	2,16,190
Assam	39,153	45,143
N. W. F. P.	71,127	80,952
Coorg	4,933	4,952
	14,48,332	16,61,713

i.e., a net rise of Rs. 2,13,381 which was covered by the supplementary grant. The extra requirements were for paper required for the printing of Electoral Rolls of the various provinces for which no provision had been made by the Provincial Governments at the beginning for the year but money was found later in the year to meet unforeseen demands. The Stationery Office was under an obligation to supply paper, otherwise the extra provision of the Provincial Governments would lapse, but the extra requirements could not be anticipated at the time of framing the budget. The amount covered by reappropriation was made available by a rise in Deduct Recoveries owing to extra issues to the Paying Departments which could not be anticipated at the time of framing the budget either by the Stationery Office or by the departments concerned.

			Modified grant.
C. 1 (2)—Typewriters, etc. ..	O	2,65,000	
	R	20,000	2,85,000

The modification of grant in this instance was necessary to meet unforeseen demands for typewriters and accessories due to the creation of new offices and replacements of typewriters and other machines for the various offices of the Government of India. This head includes prices of typewriters and duplicators and their accessories. The budget estimate is framed on the basis of actual issues during the past year subject to such modifications as any useful information regarding the variation of demands available at the time of framing the budget would demand. The creation of new offices, the constitution of Commissions and Committees and replacements of typewriters are factors which cannot possibly be foreseen with any degree of precision at the time of framing the budget. I will illustrate this variation by citing actual figures of issues from April to November 1935 against those of the corresponding period of 1936-37 :—

	April to November 1935-36.	April to November 1936-37.
Central Civil	239	366*
Central Military	199	205
Railways	108	127
P. and T.	37	63
Provincial	121	126

* The figures for issue to Central Civil Departments record an increase of over 52 per cent.

The increase in the number of typewriters and duplicators connotes a natural rise in demands for accessories. The additional demands set forth above justify the reappropriation made under this head.

			Modified grant
C. 1 (3)—Other Stores	O	7,15,000	
	R	85,000	8,00,000

The actual expenditure under this head for the year 1935-36 was Rs. 7·78 lakhs. Extra issues to paying and non-paying Departments were responsible for the variation under this head. The extent of the extra issues made to the Central Civil Departments during the year 1936-37 as against the year preceding would explain the modifications necessary under this head.—

Issues.	
1935-36.	1936-37.
25,47,000	27,31,000

To meet such extra demands the stock balance was reduced by Rs 7·50 lakhs during the two years so that at the end of 1936-37 the value of closing stock balance came to Rs. 3·19 lakhs as against Rs 18 lakhs in the year 1930-31 The heavy stock balance in the preceding years tended to stave off the necessity of modifying the original grants by reappropriations or supplementary grants but the present stock balance does not afford any relief in this direction

Besides, there are other factors which tend to upset our budget provision:—

(1) authorisation of issues either free or on payment proceeding from the Department of Labour in the course of the year

(2) extra issues on cash payment to Military Units and formations.

(3) Unforeseen demands of the Defence Department for operations on the Frontier, mobilisation purposes and extra requirements for outturn purposes which are all kept outside the allotment.

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APPENDIX XIII.

MEMORANDUM.

This memorandum is in expansion of the information contained in paragraphs 9 to 15 of the Important Comments (on pages 380-381) below the appropriation account relating to Frontier Watch and Ward (all Non-voted) for 1936-37. It was considered to be undesirable to overload the appropriation accounts with details of the numerous irregularities. A statement of more important instances of the types of irregularities mentioned in the Important Comments is attached for the information of the Public Accounts Committee. The object is to make the information sufficiently complete that the Public Accounts Committee may be able to deal with the situation disclosed by these irregularities finally in the July 1938 session.

2. The Government of India have yet to issue orders on a few individual irregularities the most important of which have been mentioned in the statement; they also have still to issue general orders in connection with following:—

(i) The Government of India intend to issue a letter dealing with the irregularities in general and containing an expression of full determination to take severe steps against any official who, after this warning, indulges again in, or permits his subordinates to indulge again in, these irregularities.

(ii) The method of drawing and accounting for charges relating to "Entertainment charges", "Protection and raids" and "Secret Services" requires definition, and the objects on which the grants under the last two heads may legitimately be spent.

Serial No.	Details of irregularities.	Substance of orders passed.
	Accounts of the Deputy Commissioner, Peshawar.	
1	A pension of Rs 10 per mensem was allowed to the mali of the Deputy Commissioner's bungalow (a private servant) since June 1928 and charged to the head "Miscellaneous Political Expenditure".	The pension should cease forthwith.
	Accounts of the Political Agent, Kurram.	
2	(a) In March 1936, annual allowances to tribes, totalling Rs. [illegible] were drawn and deposited in the Kurram Local Fund, obviously to avoid lapse of appropriation as they were not actually paid to the tribes till September 1936.	Suitable instructions have been issued by the Local Administration for the strict observance of the rule according to which no money should be withdrawn from the treasury unless it is required for immediate disbursement.
	(b) A sum of about Rs. [illegible] was spent between April 1935 and October 1936 on the purchase of furniture and its repair for the Political Agent's bungalow; no rent was assessed nor were any adjustments made with the M. E. S. who had charge of the building.	The furniture should be taken over by the M. E. S., noted in the inventory and maintained by Government, and rent at [illegible] on the capital cost for both furniture and [illegible] charged with effect from 1st January 1938.

Serial	Details of irregularities.	Substance of orders passed.
	(c) In March 1935, the Local Administration sanctioned the appointment of 3 agricultural assistants (2 at Rs. 50 each per mensem and 1 at Rs. 30 per mensem). No agricultural assistant was actually entertained but pay was drawn regularly and credited to the Bagh Fund—and ultimately appropriated towards the general expenditure of the Fund.	Orders not yet issued by the Government of India.
	(d) The accounts of receipts of the Bagh Fund in some cases were maintained on slips of paper, and it was noticed that amounts were outstanding from customers since 1934-35 and that no effective steps had been taken to recover them.	Orders not yet issued by the Government of India.
	Accounts of the Deputy Commissioner, Hazara.	
3	Amounts paid in 1936-37 as allowances to certain tribes were not in accordance with sanction; rewards sanctioned for a tribe (Rs. 1,000) and savings in other cases were appropriated towards payments to other tribes in the form of Lungis and rewards to Frontier Constabulary, Government servants and others without the sanction of Government.	The revised distribution of tribal allowances has been sanctioned and instructions issued regarding procedure for payment of rewards to Maliks and Government servants.
	Accounts of the Political Agent, Khyber.	
4	(a) As the cash balances in the hands of the Cashier amounted at times to as much as Rs. 50,000 his security of Rs. 5,000 required examination.	Security raised to Rs. 10,000.
	(b) It was noticed that from the grant for "Entertainment Charges" sums of Rs. 360 in one case and Rs. 50 each in four others were drawn monthly, and sums of Rs. 500 in one case and Rs. 20 each in four others were drawn twice every year on the occasion of Ids, but monthly accounts of expenditure were not rendered by any of the persons who drew the amounts. The classification of the charges also was not on uniform lines, the payments having been charged to "Entertainment Charges" and "Protection and Raids" and (more frequently) "Secret Services".	The system of paying lump sums to Political Officers for entertainment charges has been stopped. Amounts required for this purpose should be drawn from the treasury as and when required, and properly accounted for. General orders are to issue separately particularising with reasonable precision the objects on which these grants may be spent.
	It was noticed also that the grant for "Entertainment Charges" was not strictly limited to its object. Two instances are mentioned in which it was ordered that the amounts should be met from this head (but they were actually charged to "Protection and Raids"), namely:—	
	(i) Donation of Rs. 50 to the Duty Society of the Islamia College.	
	(ii) Hire of a car (Rs. 11-10-0) which carried a box containing medals and tiles from Peshawar to Landi Kotal on the occasion of the Silver Jubilee.	
	Accounts of the Deputy Commissioner, Bannu.	
5	(a) 447 pagries were purchased out of the Khassadar Fund at a cost of Rs. 2-1-3 each, and sold to the Khassadars at the rate of Re. 1 only, which was irregular as the supply of clothing was inadmissible.	The purchase and sale have been sanctioned.

Serial No.	Details of irregularities.	Substance of orders passed.
	(d) There was a balance of Rs. 4,2[illegible] at the credit of the Khassadar Fund on 20th December 1936, of which a sum of Rs. 2,[illegible] was refunded into the treasury on 8th February 1937. A portion of the balance was utilised on other objects, and the balance of Rs. 7[illegible] was not finally refunded till 11th January 1939, long after orders to close the fund had been issued.	The Finance Department wish to know the name of the officer at fault. The Local Administration have explained that the failure to credit the whole balance on 8th February 1937 was due to a misunderstanding of the orders.
	Accounts of the Deputy Commissioner, Kohat.	
6	[illegible]	The Local Administration have been asked to issue [illegible] instructions to all local officers that the [illegible] of [illegible] Khassadars and tribal [illegible] [illegible] and that [illegible] amounts withdrawn from the treasury for whatever purpose should be refunded into the treasury in accordance with the [illegible] rules.
	Accounts of the Political Agent, South Waziristan.	
7	(a) Special petition papers were printed and sold at Re. 0-8-0 each but the stock account was never checked by the Political Agent or any other responsible officer nor was the stock in hand ever verified by actual count.	Under consideration. Orders not yet issued.
	(b) (i) It was noticed that out of the unclaimed pay of Khassadars advances were made for various purposes such as for the construction of a house.	The designation of the officer to whom the advance to construct a house was made and the amount of the advance have been demanded by the Government of India.
	(ii) Unclaimed pay of Khassadars was also utilised in purchasing pickets costing Rs. 2,16[illegible] and [illegible] costing Rs. [illegible] for sale to them.	Recovery should be effected as far as possible.
	(c) The bungalow of the Political Agent was furnished and the cost of the furniture met out of the General Fund. The dates of purchase of the various articles were not recorded nor was cost of furniture recovered.	The Government of India are awaiting response from the Local Administration to explain the matter.
	(d) Amounts were drawn from the treasury in advance of requirements and undisbursed amounts were not promptly refunded. The undisbursed amount lying in the subsidiary cash at the time of the local audit was Rs. 72-4-0.	The Local Administration have been asked to issue such an instruction to all local officers. The Government of India have also asked for the date of credit of the balance of Rs. [illegible] into the treasury.
	(e) The following balances of advances granted from the General Fund were remitted by the Political Agent and treated as final charges two days before the closing of the Fund in November 1936:— (i) Balance of Rs. [illegible] due from an advance of Rs. 1,500 made to a tribesman in April 1936. (ii) The whole of an advance of Rs. 500 made to a Malwad in February 1936.	The Government of India have condemned the action of the Local Administration in having treated these balances as final charges against the Fund.

Serial No.	Details of irregularities.	Substance of orders passed.
	Accounts of the Deputy Commissioner, Dera Ismail Khan.	
8	Presents were given to Government servants out of the Compensation for Border Offences Fund—the sums paid from April 1935 to October 1936 amounted to over Rs. 700. It was also noticed that officials and private individuals were allowed advances from this Fund.	Orders not yet issued by the Government of India.
	Accounts of the Political Agent, North Baluchistan.	
9	(a) Sum of Rs. 176 representing rent due from the employee of a contractor was paid to the Military Engineering Service on 20th December 1933 from the advance account, it remained outstanding until 11th March 1936 when it was made good from the General Fund which was an irregular fund maintained to accommodate all unauthorised income and expenditure. The amount is still recoverable and the Local Administration have issued instructions to the Political Agent to take immediate steps to effect recovery or else to report reasons why recovery is impossible.	The recovery is to be reported to the Comptroller.
	(b) The stock register showed that some residential quarters were furnished with Government furniture, but rent of furniture was apparently never recovered from the occupants.	Orders not yet issued by the Government of India.
	(c) Valuable articles purchased out of irregular funds had not been entered in the stock register.	The articles purchased from Khassadar contingencies should be entered in the stock registers and checked from time to time. This will be verified during the next local audit.
	Account of the Political Agent, Malakand.	
10	(a) Furniture was supplied for the P. A.'s residence at the cost of the Miscellaneous Fund but rent was not charged.	Rent to be charged from 1st January 1938 (as in the case of the residence of the P. A. Kurram).
	(b) The orderly of the Assistant Political Agent, Chitral, was in receipt of pay of Rs. 43 a month from an irregular fund. On his death, a gratuity of Rs. 500 was paid to his family mainly on the ground that his death was attributable to pneumonia which he contracted while on service.	The gratuity was unjustified and, in any case was far in excess of the limit of six months' pay usually applied by the Government of India in the case of a compassionate gratuity. But a refusal to sanction the payment would involve recovery from the sanctioning officer and the Finance Department felt that it was scarcely desirable that this one case should be singled out in this fashion.

APPENDIX XIV.

MEMORANDUM FROM THE CHIEF SECRETARY TO THE GOVERNMENT OF THE NORTH WEST FRONTIER PROVINCE, TO 1. ALL DEPUTY COMMISSIONERS, 2. ALL POLITICAL AGENTS IN THE NORTH WEST FRONTIER PROVINCE, 3. THE ASSISTANT POLITICAL AGENT, CHITRAL, NO. 17039 49 P 1/259-TBI, DATED PESHAWAR THE 9TH MAY 1938.

SUBJECT.—*Regularisation of irregular funds*

It has been brought to the notice of the Local Administration that money is drawn frequently from treasuries without due regard to immediate requirements and kept in local offices for disbursements that may arise in due course. This practice is irregular, involving retention of heavy cash balances in hand which is also undesirable, and should be discontinued forthwith. The Local Administration would impress upon all those concerned that, in future, no money should be drawn from the treasuries unless it is required for immediate disbursement. If in any case, it is found that the whole amount or any portion of it drawn from the treasury cannot be disbursed immediately or in near future as anticipated, the undisbursed amount may be refunded into the treasury and re-drawn when it is required for disbursement.

LETTER FROM THE ASSISTANT SECRETARY TO THE GOVERNMENT OF INDIA IN THE EXTERNAL AFFAIRS DEPARTMENT, TO THE CHIEF SECRETARY TO THE GOVERNMENT OF THE NORTH WEST FRONTIER PROVINCE, NO. F. 83-A/38, DATED SIMLA, THE 30TH JUNE 1938

SUBJECT.—*Audit of the accounts in the North West Frontier Province Agencies*

With reference to the correspondence ending with your memorandum

[illegible]

on which the grants [illegible]

Raids" and "Secret Service", should be spent. They also note that these definitions have been accepted by the Comptroller, North West Frontier Province, who will, however, examine the matter further in the course of local inspections, with a view to seeing if the definitions require any amplification or modification. I am to add that the Government of India attach considerable importance to this examination of the accounting arrangements at local inspections in future.

MEMORANDUM FROM THE CHIEF SECRETARY TO GOVERNMENT, NORTH-WEST FRONTIER PROVINCE, TO THE UNDER SECRETARY TO THE GOVERNMENT OF INDIA IN THE EXTERNAL AFFAIRS DEPARTMENT, NO. 12401-P.S./1,162-TBI, DATED PESHAWAR THE 25TH MAY 1938.

SUBJECT.—*Audit of the accounts in the North West Frontier Province Agencies*

Reference correspondence ending with my memorandum No. 12463-P./1,162-TB, dated the 22nd April 1938.

2. After consultation with the Comptroller, the Local Administration is of opinion that if the amount required for disbursement for "Entertainment Charges", "Protection and Raids" or "Secret Service" is not heavy, it should invariably be paid from the permanent advance in the first instance, the advance being recouped by drawing the amount subsequently from the Treasury on fully vouched contingent bills; in cases of emergent payments of large amounts which cannot be paid from the permanent advance the money should be drawn from the Treasury. The detailed procedure regarding posting of cash book and contingent register and preparation of bills have already been explained fully in Comptroller's letter No. Cent. T. 15-14/1022, dated the 20th August, 1936 (Copy attached) and instructions have been issued to Drawing Officers accordingly. This procedure for the control and accounting of money for "Entertainment Charges", "Protection and Raids", and "Secret Service", is in fact practically that which is already observed in the offices concerned, but instructions are issuing to ensure that there is no variance.

3. Examination of the object on which these grants have been spent shows a large number of different objects on the justification of which the Local Administration are fully satisfied but for which it is difficult to frame any useful or all embracing definition. The following are suggested :—

(1) *Entertainment charges*: "Entertainment Charges" are intended to cover entertainment and travelling expenses of individuals and parties who visit a political officer in connection with Government duty, or who perform duties involving themselves in expense. The money may be paid in cash to the person or persons for whose entertainment it is intended, to some other person who has paid the expenses of entertainment, to some shop or company which has provided the entertainment or conveyance, or in many other ways, provided the object of entertainment or paying expenses is kept in mind. No fixed charges should be met from this head.

(2) *Secret Service*: "Secret Service" money is intended to cover rewards whether in the form of cash, of presents such as shotguns or binoculars, of assistance with an irrigation sheeme, given in return for information received, or for some other purpose which it may not be desirable to specify.

(3) *Protection and Raids*: The money allotted for "Protection and Raids" is intended to cover the payment of rewards whether in cash or kind, travelling expenses, compansatory expenses, etc., connected with special arrangements for the safety of the public, and in particular with the arrest or prevention of raiders and the rescuing of persons captured by raiders.

The Comptroller has been consulted on these proposed definitions and has replied that he accepts them, but has at the same time intimated that the matter will be further examined in the course of local inspections with a view to suggest amplification, if any is needed, in the definitions so as to make sure of covering all cases.

APPENDIX XV.

Office Memorandum from the Finance Department, Government of India, No. D.-884-F, dated the 18th December 1937

Subject.— *Public Accounts Committee—Appropriation Accounts—Explanations of variations*

The undersigned is directed to invite a reference to the recommendation made in paragraph 15 of Part I of the Report of the Public Accounts Committee on the Accounts of 1935-36 regarding the importance of ensuring that the explanations given in the Appropriation Accounts are both accurate and intelligible.

2. During this year's meetings of the Committee the printed explanations were found to be frequently inadequate and sometimes actually misleading. Although the work of compilation is done by the accounts officers they are necessarily dependent to a large extent on information received from the [illegible] quantity of printed matter which is placed before the Committee, and they do not wish to suggest any modification in the working arrangements under which explanations are not ordinarily given for variations of less than a certain amount or percentage. It is, however, most desirable that the explanations given in connection with the larger variations should be not only concise but also illuminating. The questions which the Committee will ordinarily ask are (1) whether the variation was inevitable, and (2) whether it could not have been foreseen. If the explanations indicate with sufficient clearness the answers to both of these questions the number of points on which the Committee will wish to obtain additional information verbally from the representatives of the Departments should be very materially reduced.

APPENDIX XVI.

Extract from a note from the Accountant General, Central Revenues, New Delhi, to the Auditor General of India on the question of annexures to each of the Area demands of *pro forma* account of expenditure and receipts.

* * * * * * * * * * * * *

2. I enclose a list of main heads in the centrally administered areas which can be taken as *intrinsically provincial in nature*. At present a statement of actual receipts is appended to each appropriation account relating to Area Demands. These statements generally exhibit the receipts realised in each of the centrally administered areas. The whole amounts of the receipts, as *included in the statements, do not relate to the areas concerned*. They include also receipts which belong to Central Government proper. For example the amount shown against the head "Interest" in the statement of actual receipts appended to Grant No. 80 Delhi also includes interest on loans granted by the *Government of India to local bodies in Delhi*.

3. Again, it will be observed that provision for expenditure under the heads corresponding to the receipt heads shown in the statements referred in the preceding paragraph is made in some cases only in the Area Demands, in *others, e.g., Civil Works, Receipts in aid of Superannuation, Stationery and* Printing etc., the provision for expenditure is made in the corresponding subject Demand. In respect of the heads "Interest on Irrigation", "Irrigation", "Civil Works" and "Printing and Stationery" the distribution of the budget provision by *areas is shown in the respective demands*. Provision is, however, made in lump only under heads such as "Superannuation Allowances and Pensions" and "Payments on account of commuted value of pensions". The provision for expenditure under these latter heads will have to be distributed amongst the different areas if the *pro forma* accounts in question are to be compiled. Unless such a distribution is made it would be difficult to allocate expenditure under these items to the particular areas. For example, the entire amount of pensions, including commuted value of pensions which is disbursed from the Delhi treasury does not pertain to the Delhi Province alone. Certain Central Government pensioners also draw their pension from the Delhi treasury. On the other hand some pensioners of the Delhi Province may be drawing pensions from other Central and Provincial treasuries. If the proposed *pro forma* account is to be prepared the charges referred to above in respect of each area will have to be collected in one place. Similarly interest paid by the Delhi Joint Water Board and the Delhi Municipality on loans granted to them by the Government of India are not receipts of the Delhi Province although they are included as such in the statement of actual receipts of that Area. At present loans and advances are granted by the Government of India to local bodies under the Minor Local Administrations and no allocation is made according to each Area. If these areas are to be regarded as separate Provinces for the present purpose such loans and advances as fall within the purview of the Provincial Legislative list in the Government of India Act, 1935 and strictly pertain to these areas, will have to be separated and necessary provisions will have to be made in the Demands for these areas, so that the expenditure as well as the receipts accruing therefrom as interest, may be adjusted in the accounts for the areas concerned.

4. No adjustment is also made at present in respect of the maintenance charges of prisoners transferred from one administered area and confined in a jail in another such area. Similarly, the services rendered or supplies made by a non-commercial Department of one area to any such Department of another area, is not charged for either. No adjustment is at present made in the accounts of these areas in respect of the cost of printing work done and the articles of stationery supplied to the offices under the minor local Administrations by the Government of India, Printing and Stationery Department.

5. The services rendered under the minor local Administrations are now regarded as services rendered under the Government of India and no allocation of leave and pensionary liability in respect of such services is now made. If each of these Administrations is now to be regarded as a separate Province, the rules for the apportionment of leave and pensionary charges will require to be revised and the liability of each area on those accounts determined.

6. Further, if the centrally administered areas are each to be treated as a separate Province the adjustment on account of Agency costs for the services rendered to the Central Government by the law, Police and other officers of those administrations will have to be made as these are not now separately assessed and accounted for.

7. It will thus be observed from the above paragraphs that unless the present system of accounting is changed to a considerable extent, it will be difficult to prepare a *pro forma* account of expenditure and receipts for any administered Area. Even if such a *pro forma* account is prepared the figure shown therein will not be accurate in all cases, under the present system of accounting.

* * * * * * * * * * * * *

List of Main Heads. Transactions under which in the Centrally Administered Areas may be taken as Intrinsically Provincial in Nature.

(1) Land Revenue.

(2) Excise.

(3) Stamps.

(4) Forests.

(5) Registration.

(6) Irrigation.

(7) Interest on Irrigation Works.

(8) Interest on other obligations.

(9) Civil Works.

(10) General Administration.

(11) Administration of Justice.

(12) Jails and Convict Settlements.

(13) Police.

(14) Education.

(15) Medical.

(16) Public Health.

(17) Agriculture.

(18) Veterinary.

(19) Industries.

(20) Other Miscellaneous Departments.

(21) Superannuation allowance and Pensions.

(22) Stationery and Printing.

(23) Miscellaneous Charges.

(24) Expenditure in England.

APPENDIX XVII.

Note on the revision of Army Regulations.

The progress on the revision of the more important regulations is as outlined below :—

1. "*Conditions of Service for Civilians paid from the Defence Services Estimates*".—Proof copies of the draft regulations have been obtained from the press and a final examination of the book is now being carried out by all concerned, prior to submission of the draft, with a letter indicating the origin of all matter in the book, to the Secretary of State. The pay tables which will accompany the regulations have also been compiled and checked by all concerned.

An audit review on the publication is to be carried out before it is sent to the Secretary of State. It is anticipated that the book will be ready for submission to the Secretary of State by the end of the year.

2. *Military Leave Rules (India)*. Revision completed. These regulations were approved by the Secretary of State and have now been issued.

3. *Regulations for the Army in India*.—Revision completed. The revised regulations have been issued.

4. *Pay and Allowance Regulations (India)*. Revision has been completed and the revised regulations have been issued.

A review of the revised regulations was carried out in conjunction with the Director of Audit, Defence Services. A few matters resulting from this review are in course of examination.

5. *Pension Regulations (India)*. The first draft of the revised regulations is nearing completion.

It is not yet possible to state with any degree of accuracy when these regulations will be ready for issue.

6. *Passage Regulations (India)*. Existing regulations have been reprinted. Revision will be taken in hand as soon as work on the first draft of Pension Regulations (India) is finished.

7. *Financial Regulations*. The basic part of Financial Regulations is already in process of revision.

APPENDIX XVIII.

Scheme for interchange of Accountants of the P. W. D. and M. E. S.

The period of 2 years for which P. W. D. Accountants were interchanged with passed S. A. S. clerks of the Military Accounts Department has just expired. The periodical reports received from Controllers on the work of the P. W. D. Accountants show that the changes effected in the system of M. E. S. accounts, as a result of the suggestions made by these accountants, are of minor importance, and the opinion of both the Controllers and the M. E. S. authorities is that no direct advantage has been gained by the deputation of P. W. D. *Accountants to the Military Accounts Department.* This is rather disappointing at first sight, unless one appreciates fully (or knows from experience) how extremely difficult it is for any individual to introduce important changes in an established system of accounts in a short period of 2 years and especially when the concurrence of two different parties (Military Accounts Department and M. E. S.) is essential. The inability of the P. W. D. Accountants to effect improvements in the M. E. S. system of accounting does not, therefore, indicate that the scheme has failed. Moreover the more promising part of the scheme, from this Department's point of view, was the transfer of 6 clerks *of the Military Accounts Department to the Civil Department to learn the* P. W. D. system of accounts. It is considered that the real advantage of the scheme to this Department will arise from the wider experience and knowledge gained by these men during their training. It appears from the reports given by the Executive Engineers and the Accountants General that these men showed a keen interest in learning the P. W. D. Accounting system, and made such good progress that within a year or so of their transfer most of them were entrusted with the regular duties of P. W. D. Accountants. There is no doubt that with their broadened outlook and experience these *men will be much better qualified to carry out a critical examination of the* existing system of maintaining the M. E. S. accounts and to suggest practical improvements in it. Each of these clerks was asked to report soon after his reversion to the Military Accounts Department what P. W. D. methods he considered from his experience of the P. W. D. and M. E. S. systems might be introduced with advantage in the latter. In these reports the Military Accounts clerks made several suggestions for improving the M. E. S. accounting procedure. All those suggestions are being separately examined. From a perusal of the reports it is apparent that the clerks have gained in *breadth of experience and freshness of outlook by being deputed to the P. W.* D., and that it is distinctly in the interests of the Military Accounts Department to continue the scheme systematically.

APPENDIX XIX.

Note regarding over stocking of R. A. F. Stores.

The information called for by the Military Accounts Committee may best be considered under the following two headings.—

(i) Progress made in connection with the revision of the Equipment Regulations and Tables.

(ii) Results of the revision of the Stock Limits.

The Revision Section which was established for special work in connection with the revision of Equipment Regulations and Tables closed down on 31st March 1938 and only a Flight Sergeant was retained to assist the Equipment Branch of the Staff in the completion of the work.

2. As regards (i) the following progress has been made since the position was examined by the Military Accounts Committee on the accounts for 1935-1936—

(i) *Equipment Tables.*—These tables will show the number of article authorised for use in each unit. After a certain amount of preliminary work had been done it became evident that the original lay out required some alteration owing to the wide differences in the ranges of stores held by various units. The Tables are now being prepared separately for fighting units, supply and repair organisations and miscellaneous establishments, and the work is well in hand. Briefly the position is as follows.—

PART I.—*Fighting Units*—

32 Sections have been completed, approved by the Government of India and are now at press and will be distributed to units shortly.

24 Sections are in course of final check and approval by the Government of India.

9 Sections remain to be completed. It is hoped that by the middle of July all Sections will be ready for printing

PART II.—*Scales* (Showing components of tool kits lock-ups and other complete assemblies)

This part is at present 75 per cent. complete

PART III—*Maintenance Units* (i e., supply and repair organisations such as Aircraft Depot)

All Sections are being collated and prepared for authorisation by the Governmentt of India

PART IV—*Miscellaneous establishments.*

The table for R. A. F. Hill Depot, Lower Topa which is at present the only unit in this category has been completed and is in course of check and approval.

(*ii*) *Provision Instructions.*—Completed and incorporated in the Equipment Regulations.

(*iii*) *Revision of Equipment (Stores) Regulations for the Air Forces in India.*—The revised edition of these regulations has now been issued and is in general use. It is complete with the exception of regulations regarding :—

(*a*) Accounting for Explosives,

(*b*) War Accounting,

which are still under consideration.

3. *Stock limits.*—The stock limits have been prescribed in a separate chapter of the Regulations referred to in paragraph 2 (*ii*) above. Provisioning is based on these authorised stock limits, which are expressed in terms of so many months' peace requirements, and it will be appreciated that the actual quantities representing these requirements vary from time to time according to past and anticipated consumption.

As explained in paragraph 42 of the Audit Report, every item should now be reviewed with referencee to these limits at least once a year. The review for 1937-38 could not be completed in that year and has been spread over two years ending 31st March 1939. (Subsequent reviews will, it is hoped, be completed annually.) It is not possible to furnish the Committee with a report showing the results of the first review but each Vocabulary Section review when finally dealt with by H. Q., R. A. F. and the Military Finance Branch is passed on to the Director of Audit, Defence Services, and any instances of laying in stocks in exess of the authorised stock limits coming to notice through these reviews or otherwise will doubtless find a place in subsequent audit reports.

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APPENDIX XX.

Memorandum explaining the zoning system.

The types of quarters normally provided for married British officers are as indicated below :—

Classification of quarters.	Number of units of accommodation.	For whom primarily intended.
Class I	6 units ..	Colonels, Lieutenant Colonels, and senior Majors.
Class II A	5 units	Majors, Captains and Lieutenants.
Class II B	4 units	Majors, Captains and Lieutenants.

A unit consists of 250 square ft. in the plains and 200 square ft. in the hills and semi hill stations.

2. It was found that a rigid adherence to these scales resulted either in quarters lying vacant because there were no officers of suitable ranks to whom they could be allotted, or in excessive payments on account of compensation for inferior quarters. It was therefore decided that a certain amount of elasticity should be introduced into the rules for allotment of quarters and the following system was evolved and embodied in the regulations :—

Ranks of officers.	Entitlement.
(i) Colonels and Lieutenant Colonels	5 or 6 units
(ii) Majors	4, 5, or 6 units
(iii) Captains and Lieutenants	3, 4, or 5 units.

As will be seen from paragraph 1 above, previous to this, Colonels and Lieutenant-Colonels were entitled to 6 units, Majors to 5, and others to 4 units.

The higher scales of entitlement is allowed if accommodation is available and the size of an officers' family justifies it. If an officer is allotted accommodation within the limits of the scales mentioned above he is not normally given any compensation for inferior quarters. In cases where only the lowest scale of accommodation is available and the size of the officer's family warrants a higher scale he is allowed compensation in the shape of a proportionate refund of lodging allowance provided he actually rents extra accommodation and the officer commanding the station certifies to the necessity for hiring extra accommodation. The maximum scales of 6 units and 5 units, respectively, shown against the ranks of Majors and Captains are admissible only in the case of senior Majors and Captains, the size of whose families warrants the allotment of the maximum scale. No compensation is however admissible on the score that the maximum scale cannot be allotted.

4. An officer who is given less accommodation than the minimum number of units specified above is automatically granted compensation for inferior accommodation.

To give an indication of the magnitude of the expenditure incurred on account of such compensation Controllers were asked to keep a record of such payments made in two specially selected months June 1937 and January 1938. From these records it is estimated that the total payments amount to roughly Rs. 14,000 per annum.

APPENDIX XXI.

Report on the Rush of M. E. S. Expenditure in March with reference to paragraph 6 of the Report of the Military Accounts Committee on the accounts of 1935-36.

The position in regard to M. E. S. expenditure in March 1937 has been explained in paragraph 130 (page 50) of the Appropriation Accounts of the Defence Services for the year 1936-37. As regards March 1938 expenditure, reports received indicate that there has been a general improvement, though instances of late receipt of allotments and administrative approvals still continue. These individual instances are under examination. The improvement over previous years is material, the percentage increase in March 1938 over the average of the previous eleven months being half what it was in March 1936.

The number of bills paid in 1937-38 indicates that the pressure of work in the accounts offices has diminished appreciably in the year as a whole and notably in March 1938. Adequate instructions have been issued by the Military Accountant General to ensure that no relaxation of the audit of bills occurs in March as a direct or indirect result of their greater numbers (roughly half as many again in March 1938 as the monthly average of the year)

APPENDIX XXII.

Memorandum, on the disposal of surplus and obsolete stores.

1. In paragraph 31 of their Report on the accounts of 1935-36 the Military Accounts Committee desired that the Defence Department should examine and report whether it would be possible to exhibit in the Appropriation Accounts particulars of such stores as had been written off or remained unsold during the year.

2. A similar enquiry was made in 1932 when the Military Accounts Committee examined the Appropriation Accounts for 1931-32 and after prolonged discussions with the Auditor General it was agreed that it was not practicable or even desirable (for reasons which will be explained later) to publish figures, purporting to represent the value of stores condemned, in the Appropriation Accounts. Instead it was decided that a systematic annual review of the condemnations should be instituted.

3. Before the system is explained it is necessary to indicate in general terms the procedure followed in regard to the condemnation of stores as either obsolete or surplus.

Surplus stores may be defined as stores in current use which cannot be utilised by the service against present or anticipated requirements within a period to be determined on the merits of each case, e.g., with due regard to storage facilities or to the liability of the stores to deterioration.

The procedure is designed to ensure that as far as possible stores are not discarded unless they are strictly surplus within the terms of this definition.

When a unit reports that it has surplus stores, a board of officers is assembled to decide whether the stores are really surplus or not. If they are declared surplus by this board a list is sent to the Arsenal or Mechanical Transport Store Depot with a view to their utilisation as far as possible within or outside their areas of supply. A list of the stores that cannot be disposed of in this manner is sent up to Army Headquarters, where the possibility of transferring the stores to some other arm of the Defence Service or to a Civil Department is explored. Finally if, after such enquiries there still remain surpluses that cannot be utilised, a general proposal to discard the stores is submitted for the sanction of the Principal Staff Officers and the concurrence of the Military Finance Branch. If those authorities are satisfied that all possible efforts have been made to utilise or dispose of the stores in other ways they are handed over to the Disposals Organisation which from their knowledge as a Purchasing Organisation sometimes find a use for some of these stores.

[illegible] principle, though [illegible] on a new pattern [illegible] be used up first or used in some other arm of service if this can be done without serious loss of efficiency. A further check lies in the fact that the introduction of a new pattern involves expenditure and like any other expenditure proposal, requires

the concurrence of Military Finance Branch which requires to be satisfied as regards the disposal of the stock of the superseded article. Where condemnations for obsolescence are approved, the lists of stores so condemned are passed by the administrative Branches to the Director of Contracts through the Military Finance Branch where the condemnations are scrutinised with particular reference to the reasons for condemnation. It is also ascertained whether they result from any tendency on the part of the administrative authorities towards over-stocking. Summarised particulars of these lists are noted by the Military Finance Branch in their records before they are passed on to Director of Contracts.

Quarterly lists of condemnation.—A quarterly list of disposals of various categories of stores is compiled in the Military Finance Branch and an analytical review thereof carried out. These disposal lists, together with the review are seen by the Financial Adviser and forwarded to the Director of Audit, Defence Services, who examines the items and investigates any, that in his opinion, disclose evidence of over-stocking, undue haste in condemnation, etc.

A consolidation is also made in the Military Finance Branch of the 4 quarterly statements in a year and similarly sent to the Director of Audit, Defence Services.

Figures of condemnation available but meaningless and misleading.—Figures can therefore be made available in regard to the total value of stores condemned during a year from the statistics maintained by the Military Finance Branch but the figures would represent the book value of the stores so condemned. Such figures, if shown in the Appropriation Accounts would be highly illusory and deceptive since they would bear no relation to the current or market value of the stores after allowing for the periods they had been in use. For these reasons it was not considered desirable to publish the figures in the Appropriation Accounts.

Undisposed of stores.—The next point which the Military Accounts Committee wished to be examined was whether it was possible to give an indication of the quantities of these stores lying undisposed of at the end of each year. At present the Director of Contracts maintains no separate statistics of this nature and it is anticipated that their compilation would involve an expenditure of clerical labour quite disproportionate to their value.

The whole question was discussed at considerable length in 1933-34 with the Auditor General and the procedure indicated above in regard to the collection of statistics and periodical review by the Military Finance Branch and the Audit Department was the outcome of that discussion. The Financial Adviser in a comprehensive note explained the difficulties and said " my conclusion is that this is a Department of public business in which Audit, Government and the Legislature must be content with satisfying themselves that the procedure for handling the business is correct and that the business is in fact handled in accordance with that procedure. The rules and the actual transactions are as in other Departments of business, open to the inspection and criticism of test Audit."

This was agreed to by the Auditor General whose views on the point are set out in the following extract from the Proceedings of the Military Accounts Committee, reproduced below :—

"The Auditor General was then requested to deal with paragraph 5(b) of his letter dealing with the question of the preparation and exhibition of a valued statement of surplus and obsolete stores written off. He explained the inutility of showing the value of such stores. For one thing it is difficult to say what is the correct valuation of surplus stores and for another if the original cost is shown it would convey a misleading impression. As however, he recognised that it was essential that both the Audit Department and the Public Accounts Committee should have some information regarding the disposal of surplus and obsolete stores, he was considering the question of the preparation of some useful statistics. His provisional view was that the Military Finance Branch should carry out their present detailed scrutiny of each item of surplus or obsolete stores put up for disposal and prepare a consolidated statement showing the value of stores declared surplus or obsolete quarterly and submit for the information of the Auditor General through the Director of Audit, Defence Services. The statement is to be supplemented as may be necessary by explanatory remarks and comments on points of financial importance revealed by scrutiny. At suitable intervals an audit review would be conducted and a report included by the Director of Audit, Defence Services, in his annual report, rash purchases *and hasty discardings being noticed therein. The Committee* was assured that surplus stocks would be taken into account when placing fresh orders for stores. The Auditor General explained that as the annual provision in the budget for expenditure on stores was based on very elaborate calculations which took into account the balances in hand including surplus stocks, there was an automatic check on reckless purchases."

Since 1934-35 the system suggested by the Auditor General of making these particulars of surplus and obsolete stores thrown up from time to time, available to the Audit Department has been in force and a special report is included in the Audit Report of the Director of the Audit, Defence Services, on the subject.

APPENDIX XXIII.

The charges of the Indian Infantry Unit lent for service at Hong Kong, together with those of the training Company and the proportion of the Head-quarters of the training battalion in India are recovered from the War Office by means of capitation rates. The rates for the quinquennium 1934-39 included in respect of the pay of British officers, an average amount based on the "normal" office establishment of a unit. During the post war period the ratio of Senior to Junior Officers actually serving in the Indian Army was found to be generally higher than the "normal" ratio and the continued use of the latter for purposes of the capitation rates resulted in an undercharge against the War Office during the 1st half of the quinquennium 1934-39. The unit which was then serving at Hong Kong has, since the end of 1936 been replaced by another in which the ratio of senior to junior officers is somewhat below the "normal" and the loss suffered by Indian Revenues during the first half of the quinque[illegible] will to some extent, be made good in the second half.

To [illegible] is proposed to adopt in the nex[illegible] will be [illegible] units of the [illegible]

APPENDIX XXIV.

Note regarding the mechanisation of Ordnance Factory Accounts submitted to the Military Accounts Committee with reference to paragraph 29 of the Commercial Appendix to the Appropriation Accounts for 1936-37.

The "mechanisation of accounts" in respect of the following items of works in Ordnance and Clothing Factories was completed between October 1936 and August 1937, viz.—

(i) Workmen's Pay rolls,

(ii) Cost accounts, and

(iii) Store accounts,

the "manual" system in respect of each of the above items having been discontinued as a permanent measure.

One outstanding feature of mechanisation is the speeding up of the various accounts and statistics which it has rendered possible. To take one instance, the "Cost Card" which gives the Superintendent of the Factory details, under certain classified heads, of all the expenditure incurred during a month on the various items and processes of manufacture in the various shops of his Factory, is now sent to him, printed on the machines, between the second and third week of the following month, whereas under the old manual system it used to take about nine to twelve weeks after the close of the month.

Also, there has been considerable saving in expenditure as a result of mechanisation. It is estimated that the recurring saving will be, on an average, in the neighbourhood of Rs. 3,38,000 per annum.

The following table shows the actual expenditure incurred on the Establishment employed in 1933-34 in the Branch Offices of the Controller Army Factory Accounts on all the work that had to be done by manual methods, and the expenditure actually incurred during 1937-38 on the same items of work under the present manual-cum-mechanical system.

(Amounts rounded off to the nearest thousand.)

Actual expenditure in 1933-34.		Actual expenditure in 1937-38.	
A. *Items of work which have not been mechanised*—		A. *Items of work which have not been mechanised*—	
144 clerks	2,36,000	216 clerks	3,98,000
12 Accountants	65,000	17 Accountants ..	54,000
	3,01,000		4,52,000

1933-34.		1937-38.	
A. *Items of work which have since been mechanised—*		B. *Items of work which have been mechanised—*	
148 clerks	2,42,000	49 Operators	18,000
13 *Accountants*	*70,000*	1 Accountant	3,000
		3 Clerks	4,000
	3,12,000	1 Assistant Accountant ..	2,000
		Inferior establishment ..	1,000
		Hire of machines	37,000
		Cost of Cards	10,000
		Contingencies	2,000
		Depreciation	2,000
			79,000
		Less—	
		Actual pay of 9 clerks saved in Main Office	17,000
			62,000

It will be seen that though the sum of *301* thousand rupees spent in 1933-34 on the non-mechanised items of work had to be increased to *492* thousands in 1937-38 (due to the increase in the volume of work carried out by the Ordnance Factories), the expenditure on the mechanised items of work has fallen from *312* thousand rupees in 1933-34 to *62* thousand rupees in 1937-38. The actual saving is, however, more than the difference between 312 thousands and 62 thousands. It is fairly certain that, had the Manual system been continued, the staff employed on such items of work as have now been mechanised would have had to be increased by about the same percentage as was found to be necessary in the establishment employed on the non-mechanised items of work (*viz.*, from 301 thousands to 492 thousands—nearly 65% increase). Hence, but for the mechanisation, the manual cost of carrying out the work now mechanised would probably have gone up from 312 thousands to 498 thousands. The actual expenditure incurred is, however, only *62* thousands, giving an estimated saving on account of mechanisation of *4·36* thousands per annum. We have, however, indicated a conservative figure of *3,38* thousands per annum only, as this latter figure gives the financial effect based on standard average costs of personnel, while the former is based on *actual* costs during two particular years 1933-34 and 1937-38.

APPENDIX XXV.

Financial review on Quetta Reconstruction for 1936-37.

It has been suggested that the Military Accounts Committee would wish to have a financial review of the Quetta Reconstruction Project which, besides commenting on the expenditure actually incurred during 1936-37, would give a brief account of the genesis of the project and of the progress made therewith during that year.

2. The earthquake in Quetta took place on the 31st of May 1935. In July 1935 an inter-departmental Committee composed of senior representatives of the Defence, Finance, Railway and Foreign and Political Departments was appointed to examine and co-ordinate requirements of the Departments concerned. It was postulated that there would be no major changes of Defence policy as a result of the earthquake and that it would therefore be necessary for the Army to reoccupy Quetta in much the same strength as previously.

The Committee was also required to make recommendations as to the manner in which the requirements should be met, to frame a rough estimate of the cost involved, and to suggest the period over which the cost should be spread.

So far as the Defence requirements were concerned the Committee recommended that broadly speaking the same accommodation as existed before the earthquake should be provided on the present site. The cost was estimated at between 6 and 7 crores of rupees and a period of not less than 6 years was suggested as necessary to complete the project. It was emphasised by the Committee that in determining the priority of items included in the project economy should be the guiding principle.

3. As a result of this Committee's recommendations which were accepted by the Government of India the Defence authorities were directed to proceed with the preparation of the plans and detailed estimates necessary to carry out the programme of reconstruction advocated in the report. It was decided to entrust the work relating to the Defence Services and the Civil Department to the M. E. S. which would be strengthened for the purpose by the addition of requisite number of expert draftsmen, Surveyor of Works, etc. Two Committees—the Central Quetta Reconstruction Committee at the headquarters of Government and the other Local Quetta Reconstruction Committee with headquarters at Quetta—were formed to deal with the co-ordination of requirements and the formulation of policy. A project estimate providing for the requirements of the various Defence units and formations to be located at Quetta, covering residential and technical buildings, hospitals, playgrounds, roads and drainage, and all necessities of an up-to-date cantonment was prepared and submitted for the approval of the Secretary of State for India. The estimated cost of this project amounted to approximately 7 crores of rupees which was to be spread over a period of about 7 years. The Secretary of State's sanction to this project was received on the 30th of April 1936.

4. With a view to securing the most advantageous tenders possible as well as to avoiding administrative difficulties it was decided to divide the project into fairly large groups, each group consisting of a number of associated buildings. The first batch of contracts included 5 such groups and covered a period of approximately 3 years. No contractors were allowed to tender for less than a complete group. By this means it was hoped to ensure that only important and reliable firms would be employed on the work and that their operations would, as far as possible, be so arranged as not to clash with each other.

5. For a number of reasons it was considered a matter of vital importance that the reconstruction work at Quetta should go forward with the least possible delay. Apart from considerations of policy, which alone rendered the project a matter of extreme urgency, it was found that the provision of temporary accommodation for the troops and others displaced by the earthquake and the grant of concessions to a large number of civil and military personnel were both costly and unsatisfactory expedients. On the other hand owing to the magnitude and complexity of the project the preliminary work involved in settling the general lay-out of the new cantonment, deciding the relative priority of each of the numerous items contained in the project and preparing plans and designs, was so enormous that had the usual procedure for inviting tenders and placing contracts been followed there would have been no possibility of making a start with the actual building operations before the year 1937-38. The necessity for designing the new buildings so as to render them reasonably earthquake-proof introduced an additional complication that tended to hold up progress with the preparation of detailed plans. To avoid this delay it was decided that in respect of the first stage of the project recourse should be had to a method whereby it would be possible to call for tenders and conclude contracts for buildings that had not even been designed. This method, although new to India, is one that is sometimes adopted in respect of large projects involving (as in this case) a good deal of work of a repetitive nature.

6. Put very briefly the method is as follows. In each group for which tenders were invited a certain number of typical buildings were selected as 'key' buildings for which designs and detailed drawings were ready at the time of sending out the tender invitations. The tenderers were required to quote firm lump sum offers for all 'key' buildings and others for which detailed drawings existed, but for each of the remaining buildings they were to quote a provisional lump sum and also to specify a 'key' building of similar type with which this provisional quotation should be associated. The payment that would actually be made to successful tenderers in respect of such buildings would be determined on the basis of their firm quotation for the linked 'key' building. For the purpose of calculating the sums payable in those cases an unpriced schedule enumerating all the detailed items of work entering into the project was prepared by the M. E. S. authorities and sent out to each tenderer who was required to return it fully priced along with his tender.

7. The precise *modus operandi* may perhaps best be explained by a concrete example.

In a particular group let us suppose that a contractor tendered a firm lump sum of Rs. 18,000 for a key building 'A' and a provisional lump sum of Rs. 23,000 for a building 'B' for which no detailed drawing had been sent out to tenderers. He would also have submitted a fully priced schedule, along with his tender.

As soon as the designs and detailed drawings for building 'B' had been settled bills of quantities for the two buildings would be priced at the rates entered by the contractor in his schedule. Let us suppose that the bill of quantities for building 'A' when so priced amounted to Rs 20,000 and that for building 'B' Rs. 29,500. Then the lump sum payable under the contract in respect of building 'B' would be 18,000/20,000 × 29,500 = 9/10 of 29,500 = Rs. 26,550.

Another way of stating the arrangement is that the contractor undertook to carry out the construction of each 'key' building and of the buildings linked by him thereto at rates arrived at by applying to his schedule rates the fraction (9/10 in the hypothetical case given above) representing the proportion borne by his lump sum quotation for the 'key' building to the amount of the bill of quantities for that building when priced at the contractor's schedule rates. A different fraction had of course to be worked out in respect of each 'key' building.

This gives the basic idea of the method adopted though there were a number of detailed provisions that need not be mentioned in this review.

8. *From the foregoing brief description of the method of tendering adopt*ed it will be clear that it did not involve the general abandonment of the usual safeguards. The method is in fact quite a recognised one in other countries and its only drawback appears to be that there is more uncertainty regarding the actual amounts payable under contracts at the time of entering into them than is the case where contracts concluded on the more usual lines are concerned.

The contracts comprising the first batch, which included those placed out under this system, covered work the cost of which had been estimated at about Rs. 133 lakhs in the project estimate and was designed to cover a period of 3 years from the 1st April 1936. Although the payments that will eventually be made under these contracts cannot be exactly ascertained at this stage, there is good reason to believe that the total amount of such payments will not exceed this estimate.

Generally speaking it would seem as if the contracts made to cover the first stage of the work have proved to be very satisfactory from Government's point of view and there is every reason to believe that had the placing of the contracts been deferred for one year the cost of the work would have been substantially enhanced owing to the increase in prices of building materials, etc., that occurred during 1936-37.

The special method of tendering and contracting is not being resorted to in respect of any later contracts for this project.

9. It will perhaps be appropriate to refer here to the four instances given in paragraph 38 of the Audit Report in which it is suggested that the interests of Government were not fully safeguarded.

Item (1) refers to the price of cement and suggests that as the offer received from a Cement Combine to supply all cement required at Quetta at a reduced price had not been formally accepted by Government by the time all tenders were due, steps should have been taken to ascertain specifically from each contractor whether the tenders were based on that reduced price. The M. E. S. authorities maintain however that there is every reason to believe that all the tenderers were fully aware of the Company's offer and in their own interests must have allowed for it in their tenders. Nevertheless it would perhaps have been more satisfactory if each tenderer had been asked by the M. E. S. authorities to confirm the assumption that his tender had been based on the reduced price for cement.

Item (2).—The rate in question was it is understood a manifestly absurd one which would certainly have been corrected in the course of the preliminary scrutiny of tenders had it not been inadvertently overlooked. To have compelled the contractor to carry out the work at this rate would have inflicted a severe loss upon him which was considered inequitable.

Item (3).—The items of work referred to here were not such as could be linked with a 'key' or any particular building, being common to a number of buildings generally of widely different types. It was therefore not possible to associate any one fractional increase or decrease (see paragraph 7 above) with works of this nature. This difficulty was not foreseen when the contracts were drawn up and the local authorities therefore agreed to pay for such work at the actual rates as entered in the schedule. Their action in this matter has been confirmed by the Government of India. Although at the time it could not be foreseen whether the adoption of the actual rates would be to the financial advantage of Government or the contractors, the M. E. S. authorities now maintain that Government will eventually be found to have had the best of the bargain since generally speaking the fractions in question tended to exceed unity which meant payment at rates higher than those entered by contractors in their schedules. Conclusive evidence in support of this assertion is not yet available.

Item (4) (a). Although the special construction of buildings for the R. A. M. C. and I. H. C. Institutes at Government expense is not normally authorised since surplus accommodation can usually be found for such institutes, in the special conditions obtaining at Quetta where no surplus buildings could be made available, the Government of India accepted the necessity for providing such buildings and they were in fact specifically included in the administrative sanction accorded by them to the project. In these circumstances it is open to question whether there was any necessity to obtain separate sanctions for such normally unauthorised buildings. In the Audit Report it is suggested that an understanding existed to the effect that separate Government sanctions would be issued for all such unauthorised items, but whether such an understanding existed or not cannot now be ascertained. In any

case no blame attaches to the local authorities for, acting on the authority contained in the administrative approval.

Item (I) (b)—As regards the construction of 18 Class D quarters, this was certainly irregular and was due to a mistake on the part of the local authorities. Fortunately a large number of such quarters has still to be put up and there will be no difficulty in utilising these 18 quarters against the additional requirements.

10. The original budget allotment for expenditure on Quetta Reconstruction during 1936-37 was Rs. 50 lakhs. It may here be mentioned that although by far the greater portion of the expenditure debitable to Head 12—Quetta Reconstruction relates to expenditure in Quetta itself a small portion consists of the cost of buildings constructed at other stations for certain units and families displaced by the earthquake. The provision of Rs. 50 lakhs in 1936-37 included a sum of Rs. 11 lakhs for building permanent accommodation at Chaklala required by an R. A. F. unit located at Quetta at the time of the earthquake. Owing to an unforeseen delay in the acquisition of the site this portion of the programme could not be carried out during the year. This accounted for the bulk of the difference between the original grant and the actual *expenditure (Rs. 38,69,000). Further detailed explanations of this difference* are given in the Appropriation Accounts.

The budget allotment for work done at Quetta during 1936-37 amounted to Rs. 31,17,000. Judging from the fact that there was a net excess of Rs. 3,000 only, it seems reasonable to conclude that the control of expenditure was remarkably efficient.

11. Before reconstruction could start the old buildings had to be demolished and cleared. This work was carried under departmental arrangements. By using a type of Karrier Lorries which had become obsolete but were good enough for this rough work the cost of clearance was kept down to an average figure of 12 annas a ton. Salvaged materials were used in the construction of temporary accommodation and of such permanent work as service drains in which serviceable bricks could be incorporated. Steel work [illegible] of getting on with the reconstruction there seems to be no doubt that all possible steps were taken to keep down expenditure to the lowest possible limit.

APPENDIX XXVI.

Annual Certificate of the Quartermaster General in India.

I certify that on 31st March, 1938, the war reserves of Stores authorised by the Government of India to be held at date for the mobilization of the Army in India, and detailed in the published War Equipment Tables, or provided for under specific sanctions, for the provision and maintenance of which I am responsible, were complete to the extent to which the quantities required have been calculated, with the exception of fluctuations normal to the maintenance of such reserves, or to shortage and deficiencies due to sanctioned alterations in such reserves, the adjustment of which is in hand, and with the exceptions shewn in the attached annexure

The 30th May, 1938. B. R. MOBERLY, *Lieut.-General,*

Quarter Master General

Annexure to the Certificate, dated 30th May 1938

Vehicles —

The deficiencies in the authorised numbers of M. T. vehicles to be held in mobilization reserve :—

		Nos.
(i) Motor cycles, solo		30
(Re-organisation of Indian Cavalry regiments	24	
Mechanisation of "F" Battery R.H.A. .	6	
	30)	

Orders for 30 Norton motor cycles, solo, have been placed

(ii) Lorries, 30-Cwt., 6-wheeled ..		15
(a) Indianisation, Indian Signal Corps, 1936-37	4	
(b) Mechanisation of Draught Cable Section, Corps Signals	4	
(c) Mechanisation of "F" Battery, R.H.A.	3	
(d) Indianisation, Indian Signal Corps, 1938-39	4	
	15	

(a), (b) and (d). The deficiency will be met from the type 15 lorries which will be released by 2 Cavalry Brigade M T Companies on replacement by new vehicles.

(c) The deficiency will be met when the 11 lorries on order in connection with the mechanisation of "F" Battery R. H. A., will be delivered

(iii) Lorries, disinfector	4

The deficiency will not be made good

Mobilization equipment of supply units·

Statements shewing surpluses and deficiencies of equipment of supply units have been received from all commands except Western Command and have been forwarded to M. G. O. Branch for costing.

War equipment for P. O. L. sections is being provided--funds having been allotted.

Animals--

250 M. A. mules are deficient due o the fact that these are purchased in America in the cold weather and purchases under current Budget estimates are not made until next winter.

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APPENDIX XXVII.

Annual Certificate of the Master-General of the Ordnance in India.

I certify that on 31st March 1938

1. The mobilization equipment and clothing authorised to be held for the mobilization of the Army in India and detailed in published War Equipment Tables was complete to the extent to which the quantities have been provided with the following exceptions

(a) Fluctuations due to the normal maintenance of such equipment

(b) Deficiencies due to a fire in Quetta Arsenal on the 30th March 1937 when a considerable amount of mobilization equipment was destroyed.

2. War maintenance Reserves detailed in published W. M. R. Statements, and which have been provided, were complete with the exception of fluctuations normal to the maintenance and turn-over of such reserves

The stocks of 18 pr. ammunition held do not cover the requirements of Royal Horse Artillery Batteries which are temporarily armed with 18-pr. equipments whilst the question of their rearmament is still under consideration.

3. Materials and semi and fully manufactured articles specially set apart or provided from within the factory budget or from funds specially allotted are complete: also tools and machinery provided from any special allotment of funds were complete. Calculation of deficiencies in the War Maintenance Reserves of Ordnance and Clothing Factories is in hand.

C. C. ARMITAGE, *Lieut.-General,*

Master-General of the Ordnance in India.

The 25th May, 1938.

MGIPaD—445—4-9-38—GIPS